



May 8, 2024

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas,
Makati City 1226

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head – Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Subject: **Definitive Information Statement (SEC Form 20-IS)**
for the June 5, 2024 Annual Stockholders' Meeting

Gentlemen:

Please be informed that the disclosure sent herewith was submitted by San Miguel Food and Beverage, Inc. to the Philippine Stock Exchange, Inc. on May 8, 2024.

Very truly yours,


ALEXANDRA VICTORIA B. TRILLANA
Corporate Secretary and Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter

SAN MIGUEL FOOD AND BEVERAGE, INC.

3. Province, country or other jurisdiction of incorporation or organization

Philippines

4. SEC Identification Number

11840

5. BIR Tax Identification Code

000-100-341-000

6. Address of principal office

100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City, Metro Manila

Postal Code

1604

7. Registrant's telephone number, including area code

(632) 5317-5000

8. Date, time and place of the meeting of security holders

June 5, 2024, 2:00 P.M., Via livestream at

https://www.smfb.com.ph/stockholdersmeeting_2024

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 8, 2024

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES (FB)	5,909,220,090
SERIES A BONDS DUE MARCH 2025 (IN PESO)	8,000,000,000.00
SERIES B BONDS DUE MARCH 2027 (IN PESO)	7,000,000,000.00
TOTAL DEBT as of 31Mar24 (IN MIL PESO - CONSO)	188,808

13. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE, INC. – COMMON SHARES PHILIPPINE
DEALING& EXCHANGE CORP. – SERIES A BONDS DUE 2025; SERIES B BONDS
DUE 2027

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



SAN MIGUEL
FOOD AND BEVERAGE, INC.

San Miguel Food and Beverage, Inc. FB

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting *References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules*

Date of Stockholders' Meeting	Jun 5, 2024
Type (Annual or Special)	Annual
Time	2:00 P.M.
Venue	Via livestream at https://www.smfb.com.ph/stockholdersmeeting_2024
Record Date	May 6, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	May 7, 2024

End date	May 14, 2024

Other Relevant Information
Please see attached Definitive Information Statement of the Company filed with the Securities and Exchange Commission and emailed at msrds submission@sec.gov.ph and ictdsubmission@sec.gov.ph on May 8, 2024.

Filed on behalf by:

Name	Alexandra Trillana
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

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S. E. C. Registration Number

S	A	N		M	I	G	U	E	L		F	O	O	D				

A	N	D		B	E	V	E	R	A	G	E	,	I	N	C	.			

(Company's Full Name)

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	M	E	T	R	O		M	A	N	I	L	A							

(Business Address: No. Street City/Town/Province)

ALEXANDRA VICTORIA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Definitive Information Statement

Month

Day

		2	0	-	I	S		

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

SAN MIGUEL FOOD AND BEVERAGE, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 5, 2024

The Annual Stockholders' Meeting (ASM) of San Miguel Food and Beverage, Inc. will be held on **Wednesday, June 5, 2024, at 2:00 P.M.**

As unanimously approved by the Board of Directors at its meeting on March 6, 2024, the Company will not hold a physical meeting and will conduct the meeting virtually and streamed live through https://www.smfb.com.ph/stockholdersmeeting_2024. Stockholders can attend the meeting remotely.

The meeting will be presided by Vice-Chairperson, President and Chief Executive Officer Mr. Ramon S. Ang, who shall act as Chairperson of the meeting.

The Agenda of the meeting is as follows:

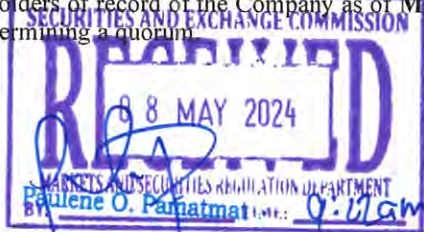
1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the 2023 Annual Stockholders' Meeting
4. Presentation of the Annual Report and Approval of the 2023 Audited Financial Statements
5. Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
6. Approval of the following Amendments to the Articles of Incorporation to clarify:
 - (a) The primary purpose of Company as it relates to the assets it owns, in the Second Article; and
 - (b) The Pasig City principal office address of Company, in the Third Article
7. Appointment of External Auditor and Ratification of External Auditor Fees
8. Election of the Board of Directors
9. Other Matters
10. Adjournment

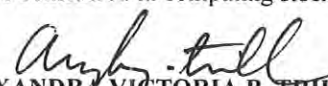
The rationale and explanation of each relevant Agenda item requiring shareholder approval may be found in Appendix 1 of this Notice. The dividend policy of the Company may be found in the Definitive Information Statement (DIS) sent together with this Notice. A draft of the minutes of the 2023 ASM for approval, as well as acts and resolutions of the Board of Directors from June 7, 2023, may likewise be found in the DIS.

The DIS with its annexes, including Management's Discussion and Analysis of Financial Position and Financial Performance, 2023 Audited Consolidated Financial Statements and interim unaudited financial statements for the first quarter of 2024, will be available for download at <http://www.smfb.com.ph/disclosures/1/information-statements--sec-form-20-is->. Upon written request, stockholders will be provided a copy of the Company's DIS with annexes, 2023 Annual Report on SEC Form 17-A and/or 2024 first quarter report on SEC Form 17-Q, free of charge.

During the meeting, the Company shall entertain questions and comments from the stockholders after the presentation of the Annual Report. Questions and comments must be submitted either in advance or during the meeting by email to smfbasm@sanmiguel.com.ph. The Company shall send its responses to questions that were not answered during the meeting separately.

Votes will be cast through ballots or proxies. The deadline for submission of ballots and proxies is on **May 22, 2024**. For your convenience, a sample ballot/proxy is included in this notice and available for download from the Company's website. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Proxies need not be notarized. Copies of accomplished ballots and proxies may be sent in advance through email at smfbasm@sanmiguel.com.ph, but in any case all original documents, including Secretary's Certificates, if applicable, must be received by the SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550, not later than May 29, 2024. Validation of proxies will be on **May 29, 2024, 10:00 a.m.**, at the office of the SMC Stock Transfer Service Corporation. Only the stockholders attending through proxies or who have submitted ballots, all of whom have been validated to be stockholders of record of the Company as of **May 6, 2024**, will be considered in computing stockholder attendance at the meeting and in determining a quorum.




ALEXANDRA VICTORIA B. TRILLANA
Corporate Secretary

RATIONALE AND EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDER APPROVAL

Approval of the Minutes of the 2023 Annual Stockholders' Meeting

A draft of the minutes of the 2023 ASM held on June 7, 2023 is attached to the DIS for the 2024 ASM on June 5, 2024 and is also available for viewing in the Company's website at the following link: https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf.

Shareholders will vote for the adoption of a resolution approving the minutes of the June 7, 2023 ASM.

Presentation of the Annual Report and Approval of the 2023 Audited Financial Statements

The audited consolidated financial statements of the Company and its subsidiaries as at and for the year ended December 31, 2023, is included in the DIS attached to this Notice and posted in the Company's website at least twenty-one (21) days prior to the 2024 ASM, at the following link: <http://www.smfb.com.ph/disclosures/l/information-statements--sec-form-20-is->. At the meeting, President and Chief Executive Officer, Mr. Ramon S. Ang (or the Chief Finance Officer Mr. Ildefonso B. Alindogan), will deliver a report to the stockholders on the performance of the Company in 2023. After the report, there will be an open forum wherein stockholders will be given the opportunity to ask questions and comment on such report.

Shareholders will vote for the adoption of a resolution closing the stockholders' open forum and approving the Annual Report of the Company for 2023, including the Audited Consolidated Financial Statements of the Company and its subsidiaries as at and for the year ended December 31, 2023, as presented.

Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and corporate officers of the Company taken or adopted since the 2023 ASM on June 7, 2023, until June 5, 2024, the date of the 2024 ASM. These acts and resolutions include the appointment of officers, lead independent director and members of the Board Committees, the creation of the Board Risk Oversight and Sustainability Committee (including the appointment of new Committee members, the approval of the Committee's Charter and annual self-assessment worksheet), declaration of dividends, approval of the audit plans of both external and internal auditors (including consolidated outsourcing plan of the Internal Audit Group), contracts and agreements, projects, treasury and other matters approved by the Board during its meetings and/or covered by disclosures to the SEC and PSE and posted in the Company's website, as well as the approval of the holding of the 2024 ASM of the Company through remote communication. These acts and proceedings are further discussed in the DIS sent together with this Notice of meeting (see *Action with Respect to Reports*). The acts of management, including audit fees negotiated at the direction of the Company's Board of Directors and officers, are those undertaken to implement the resolutions of the Board or its Committees, or conducted in the regular course of business.

Shareholders will vote on a resolution approving, confirming and ratifying all acts, resolutions and proceedings of the Board of Directors and corporate officers of the Company since the 2023 ASM on June 7, 2023 until June 5, 2024, which is the date of the 2024 ASM, as set forth in the minutes of the meetings of the Board of Directors, as well as the financial statements and records of the Company.

Approval of Amendments to the Articles of Incorporation to clarify (a) the primary purpose of Company as it relates to the assets it owns, in the Second Article; and (b) the Pasig City principal office address of Company, in the Third Article

The approval of the stockholders will be sought for the amendments to the Articles of Incorporation to clarify the primary purpose of the Company as it relates to the kind of assets it owns, particularly, the lease and license, as the case may be, of real and personal property of every kind and description whether tangible or intangible such as trademarks and other intellectual property rights, and to specify its current Pasig City office address, which is in E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong, Pasig City, in order to align the Articles of Incorporation with the Company's records and filings with other government and regulatory authorities. The proposed amendments are explained in detail in the DIS sent together with this Notice of Meeting (see *Item 17. Amendment of Charter, By-laws or Other Documents*).

Shareholders will vote on two separate resolutions approving and ratifying the proposals to amend the Articles of Incorporation as follows: (1) change in the primary purpose and (2) change in its Pasig City principal office address.

Appointment of External Auditor for 2024 and Ratification of External Auditor Fees

The Audit Committee will recommend to the stockholders the reappointment of the external auditor, KPMG R.G. Manabat & Co. ("RGM & Co."), for the fiscal year 2024 of the Company. The profile of RGM & Co. may be found at the following link: <http://www.kpmg.com.ph/>. The Audit Committee will likewise recommend to the stockholders the ratification of the audit fees billed by RGM & Co. to the Company for the year 2023 in the amount of about P1.35 million.

Shareholders will vote on two separate resolutions for (a) the reappointment of said accounting firm as independent external auditor of the Company for 2024; and (b) the ratification of external auditor fees for 2023.

Election of the Board of Directors

In accordance with the By-laws, Manual on Corporate Governance and the SEC rules, any stockholder, including minority stockholders, may submit nominations to the Board of Directors of the Company. Immediately following the Board meeting on November 8, 2023, the Company disclosed that its 2024 ASM will be on June 5, 2024 (the first Wednesday of June), as set by the Board in accordance with the Company's By-laws. Stockholders were invited to propose the inclusion of additional items to the usual Agenda of the ASM and/or nominate candidates to the Board, by January 31, 2024, for the consideration of the Chairperson and the appropriate Board Committees.

The Corporate Governance Committee determines whether the nominees for directors, including nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board and manner of voting for directors are provided in the DIS sent together with this Notice of meeting, for consideration by the stockholders.

The shareholders will cast their votes for the election of the Board of Directors of the Company from among the nominees presented. Shareholders will then vote on a resolution for the election of the fifteen (15) nominees with the greatest number of votes as directors of the Company, to serve as such beginning June 5, 2024, and until their successors are elected and qualified.

Other Matters

The Chairperson will open the floor for stockholders to present any other matter or business for consideration. No resolution, other than the resolutions explained in this Notice of meeting and DIS attached hereto, will be submitted for voting by the shareholders.

Finally, the Chairperson will entertain a motion to adjourn the meeting.

BALLOT / PROXY

Please mark as applicable:

☐ **Vote by ballot:** The undersigned stockholder of SAN MIGUEL FOOD AND BEVERAGE, INC. (the “Company”) casts his/her vote on the agenda items for the annual meeting of stockholders of the Company scheduled on Wednesday, **June 5, 2024, 2:00 p.m.**, via livestreaming at https://www.smfb.com.ph/stockholdersmeeting_2024 (the “2024 ASM”), expressly indicated with “X” below in this ballot.

☐ **Vote by proxy:** The undersigned stockholder of the Company, hereby appoints _____ or in his/her absence, the Chairperson of the Meeting, as attorney and proxy, to represent and vote all shares registered in his/her/its name at the 2024 ASM of the Company and any of its adjournment(s), as fully as the undersigned could do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with “X” below.

PROPOSAL	ACTION			
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION	FULL DISCRETION OF PROXY (IF FORM USED AS PROXY)
1. Election of Directors				
INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), please mark Exception box and list the name(s) under.				
Nominees are: Ramon S. Ang Francisco S. Alejo III Carlos Antonio M. Berba Emmanuel B. Macalalag Ferdinand K. Constantino Aurora T. Calderon Menardo R. Jimenez Francis H. Jardeleza John Paul L. Ang Monica L. Ang-Mercado Ricardo C. Marquez Cirilo P. Noel Aurora S. Lagman Estela M. Perlas-Bernabe Antonio S. Abacan, Jr.				
	FOR	AGAINST	ABSTAIN	
2. Approval of the Minutes of the 2023 Annual Stockholders’ Meeting held on June 7, 2023				
3. Approval of the Annual Report and Audited Financial Statements of the Company for year ended December 31, 2023				
4. Ratification of all the acts of the Board of Directors and Officers since the 2023 Annual Stockholders’ Meeting				
5. Approval of Amendments to the Articles of Incorporation to clarify:				
(a) The primary purpose of Company as it relates to the assets it owns, in the Second Article; and				
(b) The Pasig City principal office address of Company, in the Third Article				
6. Appointment of KPMG R.G. Manabat & Co. as external auditor of the Company for fiscal year 2024				
7. Ratification of external auditor fees billed by KPMG R.G. Manabat & Co. to the Company for fiscal year 2023				

Signed this ____ day of _____ 2024, at _____.

PRINTED NAME OF STOCKHOLDER

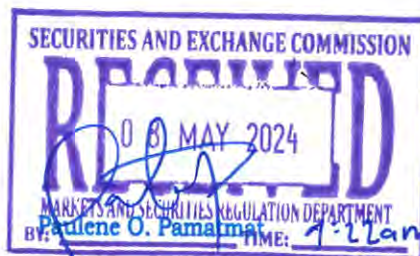
SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

THIS BALLOT/PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **MAY 29, 2024**. THIS BALLOT/PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER. IF NO DIRECTION IS MADE IN A PROXY, SUCH PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS. A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. THE NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter:

SAN MIGUEL FOOD AND BEVERAGE, INC.

3. Province, country and other jurisdiction of incorporation or organization:

Metro Manila, Philippines

4. SEC Identification Number: **11840**

5. BIR Tax Identification Code: **000-100-341-000**

6. Address of principal office Postal code

**100 E. Rodriguez Jr. Avenue (C-5 Road)
Barangay Ugong, Pasig City
Metro Manila** **1604**

7. Registrant's telephone number, including area code: **(632) 5317-5000**

8. Date, time and place of the meeting of security holders:

Date: **JUNE 5, 2024, WEDNESDAY**
Time: **2:00 P.M.**
Place: **Via livestream at https://www.smfb.com.ph/stockholdersmeeting_2024**

9. Approximate date at which the Information Statement is to be first sent or given to security holders:

Notice of Meeting will be published in the business section of two (2) newspapers of general circulation (print and online) not later than May 14 and 15, 2024 pursuant to the Notice dated February 2024 issued by the Securities and Exchange Commission (SEC) as fulfillment of the requirements on the distribution and provision of the Information Statement under the Securities Regulation Code, Revised Corporation Code of the Philippines and other applicable issuances of the SEC.

10. Name of Person Filing the Statement: **San Miguel Food and Beverage, Inc.**
Address: **100 E. Rodriguez Jr. Avenue (C-5 Road)
Barangay Ugong, Pasig City 1604**
Telephone Number: **(02) 5317-5000**

11. Securities registered pursuant to Sections 8 and 12 of the SRC:

<u>Title of Each Class</u> (As of March 31, 2024)	<u>Issued and Outstanding</u>

Common shares	5,909,220,090 shares

Series A Bonds due 2025	P8,000,000,000.00

Series B Bonds due 2027	P7,000,000,000.00

Total Liabilities as of December 31, 2023 (in '000,000)	P186,660

12. Are any or all of Registrant's securities listed on a Stock Exchange?

✓ Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed thereon:

Philippine Stock Exchange, Inc.	-	Common shares
Philippine Dealing & Exchange Corp.	-	Series A Bonds due 2025
		Series B Bonds due 2027

INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Annual Meeting

The 2024 Annual Stockholders' Meeting ("ASM") of San Miguel Food and Beverage, Inc. (the "Company") shall be held as follows:

Date: June 5, 2024, Wednesday
Time: 2:00 P.M.
Place: Via livestream at https://www.smfb.com.ph/stockholdersmeeting_2024

The complete mailing address of the principal office of the Company is at 100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City 1604, Metro Manila, Philippines.

The approximate date on which the Information Statement and form of proxy are first to be sent or given to security holders is on May 8, 2024.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Due to continuing concerns relating to the coronavirus disease 2019 ("COVID-19"), the Company will not hold a physical meeting and will again conduct the meeting through livestreaming. Stockholders can attend the meeting by remote communication.

Votes will be cast through ballots and proxies validly submitted. The deadline for submission of ballots and proxies is on **May 22, 2024**. Copies of the accomplished ballots and proxies may be sent in advance through email at smfbasm@sanmiguel.com.ph, but in any case the original documents must be sent to and received by the SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550, not later than May 22, 2024. For the convenience of stockholders, a sample of a ballot/proxy is attached to this Information Statement and is available for download from the Company's website at <http://www.smfb.com.ph/disclosures/l/notice-of-annual-and-special-stockholders--meetings>. Proxies need not be notarized.

For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Validation of proxies will be on **May 29, 2024** at 10:00 a.m. at the above office of SMC Stock Transfer Service Corporation.

Only the stockholders attending through proxies or who have submitted ballots, all of whom have been validated to be stockholders of record of the Company as of **May 6, 2024** will be considered in computing stockholder attendance at the meeting and in determining quorum.

Item 2. Dissenters' Right of Appraisal

Under Section 80, Title X of the Revised Corporation Code of the Philippines (the "Revised Corporation Code"), stockholders dissenting from and voting against the following corporate actions may demand payment of the fair value of their shares as of the day prior to the date on which the vote was taken for such corporate action: amendment to the corporation's articles of incorporation that has the effect of changing or restricting the rights of any shareholder or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class; sale, lease,

exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporation's assets; merger or consolidation; investment of corporate funds for any purpose other than its primary purpose; and extension or shortening of term of corporate existence. The stockholders' right of appraisal may be exercised for a period within 30 days from the date on which the vote on the corporate action was taken.

There are no corporate matters or actions for approval at the 2024 ASM that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X and other relevant provisions of the Revised Corporation Code.

Item 3. Interest of Certain Persons in Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities (including their voting rights) and Principal Holders Thereof

As of March 31, 2024, the Company had 5,909,220,090 issued and outstanding common shares.

All stockholders of record as of **May 6, 2024** are entitled to attend and/or vote at the 2024 ASM. The holders of common shares have the right to vote on all matters requiring stockholders' approval at the meeting. In this regard, each common share in the name of the stockholder entitles him/her to one vote that may be exercised at shareholder meetings, including the ASM. Common shareholders, even minority or non-controlling shareholders, have the right to vote on certain corporate acts, as well as nominate, elect, remove, and replace directors, in accordance with the Revised Corporation Code.

However, with respect to the election of directors, pursuant to Section 23 of the Revised Corporation Code, a common stockholder may vote the number of shares held in his/her name in the Company's stock books as of May 6, 2024, and may vote this number of shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided, that the total number of votes cast by him/her shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the total number of directors to be elected.

Thus, the total number of votes that may be cast by a stockholder of the Company in the election of directors is computed as follows:

Number of shares held on record as of record date x 15 directors

Security Ownership of Certain Record and Beneficial Owners

The owners of record of more than 5% of Company's voting securities as of March 31, 2024 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent Ownership to Capital Stock
Common	San Miguel Corporation ¹ SMC Head Office Complex 40 San Miguel Avenue, Mandaluyong City 1550, intermediate parent company of issuer	San Miguel Corporation	Filipino	5,245,082,440	88.7610%
Common	PCD Nominee Corporation ² 37th Floor, Tower One, Enterprise Center Ayala Ave. corner Paseo de Roxas Ave., Makati City, no relation to issuer	Various ³	Non-Filipino	383,460,971	6.4892%

¹ The Board of Directors of San Miguel Corporation (SMC) authorizes any one Group A signatory or any two Group B signatories to act and vote in person or by proxy, shares held by SMC in other corporations. The Group A signatories of SMC are Ramon S. Ang, Ferdinand K. Constantino, Aurora T. Calderon, Virgilio S. Jacinto, Joseph N. Pineda, Bella O. Navarra, and Monica L. Ang. The Group B signatories of SMC are Cecile Caroline U. de Ocampo, Lorenzo G. Formoso III, Almira C. Dalusung, Ma. Raquel Paula G. Lichauco, Joseph Francis M. Cruz, Ildefonso B. Alindogan, and Nina Frances Therese B. Tenorio.

² Registered owner of shares held by participants in the Philippine Central Depository, Inc., a private company organized to implement an automated book entry of handling securities in the Philippines.

³ None of the holders of the Company's common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's shares.

The following are the number of shares of the Company's capital stock, all of which are voting shares, owned of record by the Chief Executive Officer, key officers, and directors of the Company as of March 31, 2024:

Title of Class	Name of Owner	Amount and Nature of Ownership	Citizenship	Total No. of Shares
Common	Ramon S. Ang	10 (Direct)	Filipino	10 (0.00%)
Common	Francisco S. Alejo III	10 (Direct)	Filipino	230,010 (0.00%)
		230,000 (Beneficial)		
Common	Emmanuel B. Macalalag	10 (Direct)	Filipino	10 (0.00%)
Common	Ferdinand K. Constantino	10 (Direct)	Filipino	10 (0.00%)
Common	Aurora T. Calderon	10 (Direct)	Filipino	10 (0.00%)
Common	Menardo R. Jimenez	10 (Direct)	Filipino	10 (0.00%)
Common	Ma. Romela M. Bengzon	10 (Direct)	Filipino	10 (0.00%)
Common	Francis H. Jardeleza	10 (Direct)	Filipino	10 (0.00%)
Common	John Paul L. Ang	10 (Direct)	Filipino	10 (0.00%)
Common	Ricardo C. Marquez	10 (Direct)	Filipino	10 (0.00%)
Common	Cirilo P. Noel	10 (Direct)	Filipino	10 (0.00%)
Common	Winston A. Chan	10 (Direct)	Filipino	10 (0.00%)
Common	Aurora S. Lagman	10 (Direct)	Filipino	10 (0.00%)
Common	Estela M. Perlas-Bernabe	10 (Direct)	Filipino	3,010 (0.00%)
		3,000 (Beneficial)		

The aggregate number of shares owned of record by the Chief Executive Officer, key officers, and directors as a group as of March 31, 2024, is 233,140 shares or approximately 0.0039% of the Company's outstanding capital stock.

The aggregate number of shares owned of record by all officers and directors as a group as of March 31, 2024, is 243,140 shares or approximately 0.0041% of the Company's outstanding capital stock.

The foregoing beneficial or record owners have no right to acquire additional shares within thirty (30) days, from options, warrants, conversion privileges or similar obligations or otherwise.

Voting Trust

There is no person holding more than 5% of the Company's voting securities under a voting trust or similar agreement.

Change in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters

Market Price

The Company's common equity is traded in the Philippine Stock Exchange, Inc. ("PSE").

The Company's high and low prices for each quarter of the last two (2) fiscal years, as well as the first quarter of 2024, are as follows (in Philippine Pesos):

Quarter	2023		2022	
	Common		Common	
	High	Low	High	Low
1 st	54.95	38.10	71.35	61.10
2 nd	50.00	44.00	63.80	45.00
3 rd	53.25	44.50	48.75	38.00
4 th	53.20	46.05	41.20	34.10

Quarter	2024	
	Common	
	High	Low
1 st	52.90	47.60

The closing price as of the latest practicable trading date is:

Common shares P 49.05 April 02, 2024

Common Equity and Related Stockholders' Matters

The approximate number of shareholders of the Company as of March 31, 2024, is as follows:

Common shareholders 175

The Company's top 20 stockholders of record⁴ as of March 31, 2024, are as follows:

Rank	Stockholder Name	Total Common Shares	% of Outstanding Common Shares
1	San Miguel Corporation	5,245,082,440	88.760993%
2	PCD Nominee Corporation (Non-Filipino)	383,460,971	6.489198%
3	PCD Nominee Corporation (Filipino)	258,815,013	4.379851%
4	Q – Tech Alliance Holdings, Inc.	20,511,400	0.347108%
5	PFC ESOP/ESOWN Account	271,030	0.004587%
6	Cecille Y. Ortigas	228,610	0.003869%
7	Majent Management and Development Corporation	203,700	0.003447%
8	Monaco Holdings, Inc.	100,000	0.001692%
9	Xing Ye	85,200	0.001442%
10	Ramon L. Chua	77,140	0.001305%
11	Ana Maria De Olondriz Ortigas	55,310	0.000936%
12	Pacifico de Ocampo	43,240	0.000732%
13	William Pendarvis	29,370	0.000497%
14	Teodoro Quijano	14,130	0.000239%
15	Principe P. Reyes	14,130	0.000239%
16	Maxima A. Senga	13,050	0.000221%
17	Francis Fernan	12,240	0.000207%

⁴ Excluding the beneficial shares held by Company's key officers lodged with PCD Nominee Corporation (Filipino).

18	John T. Lao	12,000	0.000203%
19	Honesto B. Buendia	11,760	0.000199%
20	Jose Avellana	9,800	0.000166%

A description of the Common Shares of the Company may be found in Note 21 (Equity) of the Audited Consolidated Financial Statements, attached hereto as **Annex “B”**.

As stated in Note 21 of the Audited Consolidated Financial Statements, accumulated equity in undistributed net earnings of the consolidated subsidiaries are not available for dividend distribution until declared by the subsidiaries.

Dividend Policy and Dividend Declarations

Dividends may be declared at the discretion of the Board of Directors and will depend upon the Company’s future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations both at the parent and subsidiary level and other factors the Board of Directors may deem relevant.

Since August 8, 2018, the cash dividend policy of the Company has been to entitle holders of its common shares to receive annual cash dividends of up to 60% of the prior year’s recurring net income. Recurring net income is net income calculated without respect to extraordinary events that are not expected to recur. The Company expects that the dividend distributions will be made over the four quarters of the year, subject to the applicable laws and regulations and based on the recommendation of the Board of Directors. In considering dividend declarations for each quarter, the Board of Directors has in the past and will in the future, take into consideration dividend payments on the preferred shares, if any, and other factors, such as the implementation of business plans, debt service requirements, debt covenant restrictions, funding of new investments, major capital expenditure requirements, appropriate reserves and working capital, among others.

In accordance with the foregoing, the Company paid out cash dividends as follows for the last three (3) fiscal years:

<u>Fiscal Year</u>	<u>Stock Type</u>	<u>Aggregate Amount (per share)</u>
2023	Common	P 2.70
2022	Common	P 2.12
2021	Common	P 1.70

There were no securities sold by the Company within the past three (3) years that were not registered under the Securities Regulation Code (“SRC”).

On January 18, 2018, in line with the consolidation of the food and beverage businesses of San Miguel Corporation (“SMC”) under the Company, the stockholders approved the following amendments to the Company’s Articles of Incorporation: (a) the expansion of the primary purpose in the Second Article to include the engagement in the alcoholic and non-alcoholic beverage business, (b) the change of the corporate name in the First Article to “San Miguel Food and Beverage, Inc., (c) the reduction of par value of common shares in the Seventh Article to P1.00 per share, and (d) the denial of pre-emptive rights for issuances or dispositions of all common shares in the Seventh Article (collectively, the “First Amendments”).

On the same date, the stockholders approved the increase in authorized capital stock of the Company, to be filed with the SEC after the latter’s approval of the First Amendments, which increase shall be P9,540,000,000 comprised of 9,540,000,000 common shares with a par value of P1.00 per share (the “Increase”), including the amendment of the

Seventh Article to reflect the Increase. From the Increase, approximately 44% thereof or 4,242,549,130 common shares with a par value of P1.00 per share (the “New Shares”) will be subscribed by SMC. As a result of the Increase, the Company’s authorized capital stock will be P12,000,000,000 divided into 11,600,000,000 common shares with a par value of P1.00 per share, and 40,000,000 preferred shares with a par value of P10.00 per share.

Likewise on the same date, the stockholders approved the acquisition by the Company of SMC’s common shares in San Miguel Brewery Inc. (“SMB”) and Ginebra San Miguel Inc. (“GSMI”) (the “Exchange Shares”), with the combined value of P336,349,294,992.60, as consideration for the issuance by the Company of the New Shares from the Increase.

Finally, also on the same date, the stockholders approved the listing on the PSE of the additional issued common shares resulting from the reduction of par value of shares, as well as the New Shares to be issued to SMC.

All the foregoing items approved by the stockholders at its special meeting on January 18, 2018, were earlier approved by the Board of Directors at its special meeting on November 3, 2017.

On March 23, 2018, the SEC approved the First Amendments by virtue of the Certificate of Filing of Amended Articles of Incorporation of San Miguel Food and Beverage, Inc. (formerly San Miguel Pure Foods Company Inc.) issued on the said date, a copy of which the Company received on March 27, 2018.

On April 5, 2018, SMC and the Company signed a Deed of Exchange of Shares pursuant to which SMC shall transfer to the Company the Exchange Shares, and in consideration therefor, the Company shall issue New Shares from the Increase, subject to and conditioned upon the approval by the SEC of the Increase.

On June 29, 2018, the SEC approved the Increase by virtue of the issuance to the Company of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation.

On October 12, 2018, the BIR issued BIR Certification No. 010-2018, which confirmed the tax-free transfer by SMC of the Exchange Shares in consideration for the New Shares. On October 31, 2018, the BIR issued the Electronic Certificate Authorizing Registration (eCAR) for the tax-free transfer of the Exchange Shares to the Company. The Exchange Shares were issued and registered in the name of the Company in the stock and transfer books of SMB and GSMI, as the case may be, on November 5, 2018.

On October 26, 2018, the SEC issued the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale relating to the offer of up to 1,020,050,000 common shares in the Company owned by SMC in a secondary sale transaction to institutional investors inclusive of the PSE Trading Participants’ share allocation at an offer price of P85.00 per share.

On November 5, 2018, the PSE issued a Notice of Approval for the listing of the New Shares issued by the Company to SMC. On November 9, 2018, the New Shares were listed on the PSE.

On November 12, 2018, the secondary offering of 400,940,590 common shares in the Company plus the over-allotment option of 60,141,090 common shares in the Company owned by SMC were sold at a price of P85.00 per share to institutional investors inclusive of the PSE Trading Participants’ share allocation. With the completion of the offering, the Company became compliant with the minimum public float requirement of the PSE.

On November 7, 2019, the Board of Directors approved the public offering by the Company in the Philippines of fixed rate retail bonds in the aggregate principal amount of up to P15,000,000,000.00. The proceeds of the offering were intended to be used to redeem the outstanding perpetual series 2 preferred shares of the Company issued in March 2015 (the “FBP2 Shares”).

On February 3, 2020, the Board of Directors approved the redemption of the FBP2 Shares at the redemption price of P1,000.00 per share. According to the Notice of Redemption, including guidelines for the payment of the redemption

proceeds issued by the Company for the purpose, the redemption price and all accumulated unpaid cash dividends were to be paid on March 12, 2020 to the preferred stockholders of record as of February 17, 2020.

On February 21, 2020, the SEC approved the Company's Registration Statement and issued the Permit to Sell of P15,000,000,000 worth of fixed rate bonds, consisting of five-year Series A Bonds due 2025 with a fixed interest rate of 5.050% per annum, and seven-year Series B Bonds due 2027 with a fixed interest rate of 5.250% per annum.

The bonds were issued and listed in the Philippine Dealing & Exchange Corp. ("PDEX") on March 10, 2020.

The proceeds of the bonds were used to redeem the outstanding FBP2 Shares and payment of transaction-related fees, costs and expenses on March 12, 2020.

Item 5. Directors, Independent Directors, and Executive Officers

The names of the incumbent and nominee directors and key executive officers of the Company, and their respective ages, periods of service, qualifications, directorships in other reporting companies and positions held in the last five (5) years, are as follows:

Board of Directors

Ramon S. Ang, Filipino, 70, was appointed President and Chief Executive Officer of the Company on July 5, 2018. He is also the Vice Chairperson of the Company, a position he has held since May 13, 2011. He has been a director of the Company since May 22, 2001 and a member of the Company's Executive Committee since April 25, 2002. He also holds, among others, the following positions: Vice Chairperson, President and Chief Executive Officer of listed company SMC; Chairperson, President, Chief Executive Officer and Chief Operating Officer of San Miguel Global Power Holdings Corp.; Chairperson and President of Privado Holdings Corporation, San Miguel Holdings Corp., SMC Skyway Corporation, San Miguel Properties, Inc., San Miguel Infrastructure Corporation and Sual Power Inc.; Chairperson of San Miguel Brewery Hong Kong Limited (listed in the Hong Kong Stock Exchange) and Petron Malaysia Refining and Marketing Bhd. (a company publicly listed in Malaysia), public companies San Miguel Brewery Inc. and Eagle Cement Corporation, and private companies San Miguel Yamamura Packaging Corporation, San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Super Coffeemix Co., Inc., Clariden Holdings, Inc., Anchor Insurance Brokerage Corporation, Petrogen Insurance Corporation and Philippine Diamond Hotel & Resort Inc. He is also the President and Chief Executive Officer of listed companies Top Frontier Investment Holdings, Inc. and Petron Corporation, and private company Northern Cement Corporation; and President of listed company Ginebra San Miguel Inc. He is also the sole director of Master Year Limited (Cayman Islands). Mr. Ang holds a Bachelor's Degree in Mechanical Engineering from Far Eastern University, and a Doctorate in Business Engineering, *Honoris Causa*, from the same university. He also holds a Ph.D. in Humanities, *Honoris Causa*, from the National University.

Francisco S. Alejo III, Filipino, 75, was appointed Chief Operating Officer – Food on July 5, 2018. Before this appointment, he was the President of the Company (from May 2005 to July 2018). He has been an executive director of the Company since May 22, 2001 and a member of the Company's Executive Committee since April 25, 2002. He also holds the following positions: Chairperson of Golden Food Management, Inc., San Miguel Pure Foods (Vn) Co., Ltd., Golden Bay Grain Terminal Corporation, Golden Avenue Corp., and San Miguel Foods International, Limited; President of San Miguel Foods, Inc., San Miguel Mills, Inc., The Purefoods-Hormel Company, Inc., San Miguel Super Coffeemix Co., Inc. and Magnolia Inc.; Director of listed company Ginebra San Miguel Inc. and private companies San Miguel Foods & Beverage International Limited (BVI) and San Miguel Foods Investment (BVI) Limited; and President Commissioner of PT San Miguel Foods Indonesia. Mr. Alejo holds a Bachelor's Degree in Business Administration from De La Salle University, and is a graduate of the Advanced Management Program of Harvard Business School.

Emmanuel B. Macalalag, Filipino, 58, was appointed Chief Operating Officer – Spirits on July 5, 2018. He has been an executive director of the Company since January 9, 2019 and member of the Company’s Executive Committee since June 2, 2021. Mr. Macalalag is General Manager of GSMI. He currently holds the following positions in the various subsidiaries and affiliate of GSMI: Director and General Manager of Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc., and Director of Agri crops Industries Inc., Crown Royal Distillers, Inc., Healthy Condiments, Inc., Thai San Miguel Liquor Company Limited and GSM International Holdings Limited. Mr. Macalalag obtained his Bachelor of Science in Mathematics degree from De La Salle University (DLSU), Manila where he graduated *cum laude*. He also holds a Master’s degree in Mathematics from DLSU and PhD degree in Operations Research from the University of Melbourne, Australia. He does not hold any directorship in any company listed in the PSE other than the Company.

Ferdinand K. Constantino, Filipino, 72, was appointed Treasurer of the Company on July 5, 2018. He has been a non-executive director of the Company since January 9, 2019, a member of the Company’s Board Risk Oversight Committee (since February 6, 2019), which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), a member of the Company’s Related Party Transactions Committee (since June 2, 2021), and a member of the Company’s Audit Committee (since June 24, 2020). Mr. Constantino is Director of San Miguel Brewery Inc., San Miguel Aerocity Inc. and San Miguel Foods International, Limited. He also holds, among others, the following positions: Group Chief Finance Officer and Treasurer of SMC; Director of listed company Philippine Stock Exchange, Inc., and private companies Securities Clearing Corporation of the Philippines, San Miguel Yamamura Packaging Corporation, SMC Skyway Corporation, Clariden Holdings, Inc., San Miguel Holdings Corp., Northern Cement Corporation and Petron Malaysia Refining & Marketing Bhd. (a company publicly listed in Malaysia); Director and President of Anchor Insurance and Brokerage Corporation; Director and Treasurer of San Miguel Equity Investments Inc.; and Chairperson of San Miguel Foundation, Inc., SMC Stock Transfer Services Corporation and San Miguel Integrated Logistics Services, Inc. Mr. Constantino holds a Bachelor of Arts Degree in Economics from the University of the Philippines and completed academic requirements for a Master’s Degree in Economics from the University of the Philippines.

Aurora T. Calderon, Filipino, 69, has been a non-executive director of the Company since January 9, 2019, and member of the Company’s Audit Committee since February 6, 2019, and Board Risk Oversight and Sustainability Committee since August 2, 2023. Ms. Calderon is the Senior Vice President-Senior Executive Assistant to the President and Chief Operating Officer of SMC. She is a Director and a member of the Corporate Governance Committee of listed company SMC. She holds the following positions in other publicly listed companies, namely: Director and Treasurer of Top Frontier Investment Holdings, Inc.; and Director of Petron Corporation, Petron Malaysia Refining and Marketing Bhd. (a company publicly listed in Malaysia) and Ginebra San Miguel Inc. She is the Chairperson and President of East Pacific Star Bottlers Phils Inc., Agri crops Industries Inc. and Crown Royal Distillers, Inc. She is also a member of the board of directors of SMC Global Power Holdings Corp., Petron Marketing Corporation, Petron Freeport Corporation, New Ventures Realty Corporation, Las Lucas Construction and Development Corporation, Thai San Miguel Liquor Company Limited, and San Miguel Equity Investments Inc. A certified public accountant, Ms. Calderon graduated *magna cum laude* from the University of the East with a degree in BS Business Administration, major in Accountancy. She finished her Master’s in Business Administration at Ateneo de Manila University (without thesis). In addition, Ms. Calderon holds directorships in various SMC domestic and international subsidiaries.

Menardo R. Jimenez, Filipino, 91, has been a non-executive director of the Company since April 25, 2002. He is a member of its Board Risk Oversight Committee (since May 12, 2017), which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), and Corporate Governance Committee (since February 6, 2019). He was previously a member of its Audit Committee (from June 2008 to February 2019) and Related Party Transactions Committee (from May 2017 to February 2019). Mr. Jimenez is Director of listed company SMC and private companies Magnolia Inc., Majent Management and Development Corporation, Dasoland Holdings Corporation, Menarco Property Development & Management Corporation, and The Table Group, Inc. He is the Chairperson of several Philippine companies, including Coffee Bean and Tea Leaf Holdings, Inc. and Meedson Properties Corporation. Mr. Jimenez holds a Bachelor’s Degree in Commerce from Far Eastern University and is a Certified Public Accountant. Among others, he was conferred Doctorates in Business Management *Honoris Causa* by University of Pangasinan and *Pamantasan ng Lungsod ng Maynila*.

Ma. Romela M. Bengzon, Filipino, 63, has been a non-executive director of the Company since May 11, 2018. Atty. Bengzon is currently a director of private companies Petron Marketing Corporation and BBR Green Energy Pte Ltd. She was previously a director of Petron Corporation, Webforge Philippines, Diezmo Realty Inc., Geonobel Philippines and Medical Arts Tower Inc. She is Managing Partner of the Bengzon Law Firm and is affiliated with the non-profit organizations Virланie Foundation, Inc. and the American Foundation for AIDS Research. Atty. Bengzon holds a Bachelor of Arts Degree in Political Science from University of the Philippines and a Bachelor of Laws Degree from Ateneo de Manila University School of Law. She is also a member of the New York State Bar and a graduate of the Harvard Business School Officers and President Management (OPM) Program 51. Ms. Bengzon does not currently hold any directorship in any company listed in the PSE other than the Company.

Francis H. Jardeleza, Filipino, 74, has been a non-executive director of the Company since August 5, 2020. He is also currently a director of listed companies Ginebra San Miguel Inc. and Petron Corporation. He is likewise an incumbent Director of MORE Electric and Power Corporation and was a Director of EastWest Bank from April 2021 to January 2022. He is also a member of the International and Maritime Law Section of the Philippine Judicial Academy (since July 2023). Mr. Jardeleza is a retired Associate Justice of the Supreme Court (from August 2014 to September 2019) and former Solicitor General of the Philippines (from February 2012 to August 2014). Prior to the several positions he held in public service, Mr. Jardeleza was the Senior Vice President and General Counsel of SMC (from 1996 to 2010). Mr. Jardeleza holds a Bachelor of Arts, Major in Political Science, and a Bachelor of Laws Degree from the University of the Philippines. He is also a member of the New York State Bar and a graduate of the Master of Laws Program at Harvard Law School.

John Paul L. Ang, Filipino, 44, is a non-executive director of the Company since June 2, 2021. He is Director of listed companies Top Frontier Investment Holdings Inc. (since July 9, 2021), Petron Corporation (since March 9, 2021) and SMC (since January 21, 2021), and holds the following positions in public company Eagle Cement Corporation: President and Chief Executive Officer (since 2008), Director (since 2010), Chairperson of its Executive Committee (since 2017) and member of its Audit Committee (since 2020). He was a member of Eagle Cement Corporation's Nomination and Remuneration Committee (from February 13, 2017 to July 15, 2020). He is likewise the President and Chief Executive Officer of South Western Cement Corporation (since 2017) and Director of KB Space Holdings, Inc. (since 2016). Mr. Ang holds a Bachelor of Arts Degree from Ateneo de Manila University.

Ricardo C. Marquez, Filipino, 63, has been an independent and non-executive director of the Company since March 16, 2017. He is also Chairperson of the Company's Board Risk Oversight Committee (since May 12, 2017), which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), and a member of the Company's Audit Committee (since March 16, 2017) and Corporate Governance Committee (since May 12, 2017). He was previously a member of the Related Party Transactions Committee (from May 2017 to February 2019). Gen. Marquez is likewise currently an Independent Director of listed companies Top Frontier Investment Holdings, Inc. and Petron Corporation, public company Eagle Cement Corporation, and a member of the Board of Trustees of the Public Safety Mutual Benefit Fund, Inc. Gen. Marquez held several positions in the Philippine National Police (PNP) before he became Chief of the PNP from July 2015 to June 2016. Gen. Marquez holds a Bachelor of Science Degree from the Philippine Military Academy, and a Master's in Management Degree from Philippine Christian University.

Cirilo P. Noel, Filipino, 67, has been an independent and non-executive director of the Company since September 12, 2018. He was elected as the Lead Independent Director of the Company on June 1, 2022. He is the Chairperson of the Audit Committee since February 6, 2019 and member thereof since September 12, 2018. He is also a member of the Related Party Transactions Committee since February 6, 2019. He was previously a member of the Corporate Governance Committee from June 2, 2021 to June 7, 2023. Mr. Noel currently serves as Director of LH Paragon Group, Amber Kinetics Holding Co., Transnational Diversified Corporation, Eton Properties, Inc. and Golden ABC, and listed companies Globe Telecom, Inc., Robinsons Retail Holdings, Inc. and First Philippine Holdings Corporation. He is also Chairperson of Palm Concepcion Power Corporation, the Interim Chairperson of listed company Security Bank Corporation, and a member of the Board of Trustees of St. Luke's Medical Center-Quezon City, St. Luke's Medical Center of College of Medicine and St. Luke's Medical Center Foundation, Inc. Mr. Noel is affiliated with the Makati Business Club and Harvard Club of the Philippines. A lawyer and certified public accountant, Mr. Noel holds a Bachelor of Science Degree in Business Administration from University of the East, a Bachelor of Laws Degree from Ateneo de

Manila University School of Law and a Master's Degree in Law from Harvard Law School. He is also a fellow of the Harvard International Tax Program and attended the Management Development Program at the Asian Institute of Management.

Winston A. Chan, Filipino, 68, is an independent and non-executive director of the Company, as well as a member of the Company's Audit Committee since February 6, 2019, and the Company's Board Risk Oversight Committee since June 2, 2021, which became the Board Risk Oversight and Sustainability Committee on August 2, 2023. He was previously Chairperson of the Company's Related Party Transactions Committee (from June 2, 2021 to June 7, 2023). He is currently an Independent Director of listed company Bank of Commerce, PT Delta Djakarta Tbk (a company publicly listed in Indonesia), public company Eagle Cement Corporation and private company San Miguel Yamamura Packaging Corporation. In the last five years, Mr. Chan served as Independent Director of Leisure & Resorts World Corporation (September 2020 to October 2022), Director of private companies DataOne Asia (Philippines), Inc. (July 2018 to December 2022), Kairos Business, Solutions, Inc. (January 2018 to December 2020), and Premiere Horizon Alliance Corporation (February 2018 to December 2020), Member of the Board of Directors of Letran Alumni Association (January 2018 to July 2019) and Advisor to the Board of Directors of listed company 2GO Group, Inc. (January to October 2018). Mr. Chan holds a Bachelor of Science Degree in Accountancy from Colegio de San Juan de Letran, and is a Certified Information Systems Manager, a Certified Information Systems Auditor, and a Certified Public Accountant. He also completed the Advanced Management Program at Harvard Business School, the Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at Asian Institute of Management.

Aurora S. Lagman, Filipino, 85, is an independent and non-executive director of the Company, as well as the Chairperson of the Company's Corporate Governance Committee, and a member of its Related Party Transactions and Board Risk Oversight Committees, the latter of which became the Board Risk Oversight and Sustainability Committee (on August 2, 2023), since March 9, 2022. She is currently an Independent Director of listed company Ginebra San Miguel, Inc. and is the Chairperson of the Corporate Governance Committee and a Member of the Audit and Risk Oversight Committee of said company. A retired Associate Justice of the Court of Appeals of the Philippines (from February 2004 to January 2008), she also served as Member of the Judicial and Bar Council (from October 2008 to July 2016). She is a part-time faculty member of the College of Law, Bulacan State University (currently on leave), Member of the Board of Trustees of Society for Judicial Excellence, and Adviser of RTC Judges Association of Bulacan, Inc. She obtained her law degree at the College of Law of Lyceum of the Philippines and attended special studies and short courses abroad such as Program of Instruction for Lawyers, Harvard Law School, Cambridge, Massachusetts, U.S.A. and Special Course on Evidence, National Judicial College, University of Nevada, Reno, U.S.A.

Estela M. Perlas-Bernabe, Filipino, 71, is an independent and non-executive director of the Company since August 3, 2022, as well as Chairperson of the Company's Related Party Transactions Committee and a member of its Corporate Governance Committee since June 7, 2023. She is also a member of the Company's Board Risk Oversight and Sustainability Committee since August 3, 2023. Ms. Bernabe is currently an Independent Director of listed companies BDO Unibank, Inc. (since July 31, 2022) and Converge ICT Solutions, Inc. (since May 26, 2023), and private company Petrogen Insurance Corporation (since March 23, 2023). She is also a member of the Board of Trustees of the Foundation for Liberty and Prosperity (since December 6, 2022) and the Philippine Judicial Academy Development Center Inc. (since November 13, 2023). Ms. Bernabe is a retired Associate Justice of the Supreme Court of the Philippines (from September 2011 to May 2022). She served as Senior Associate Justice and Division Chairperson of the Second Division of the Supreme Court from 2019 to 2022, and President of the Philippine Women Judges Association from 2018 to 2022. She holds a Bachelor of Science in Commerce Degree in Banking and Finance from St. Paul College of Manila and a Bachelor of Laws Degree from Ateneo de Manila University School of Law.

Carlos Antonio M. Berba, Filipino, 59, is a nominee for Director of the Company. He is Director of the San Miguel Brewery, Inc. since August 10, 2010. He is the Chairman, President and Managing Director of San Miguel Brewery Hong Kong Limited (Hong Kong); a Commissioner of PT Delta Jakarta Tbk (Indonesia); and Chairman/Director of other subsidiaries of San Miguel Brewing International Limited, including San Miguel Beer (Thailand) Limited, San Miguel Holdings (Thailand) Limited and San Miguel Marketing (Thailand) Limited. Mr. Berba holds a Bachelor of Science Degree in Electrical Engineering from the University of the Philippines, a Master's Degree in Japanese Business

Studies from the Japan America Institute of Management Science & Chaminade University of Honolulu, and a Master's Degree in Business Administration from the Wharton School, University of Pennsylvania.

Monica L. Ang-Mercado, Filipino, 36, is a nominee for Director of the Company. She is Director of Eagle Cement Corporation since June 3, 2021 and is concurrently its Chief Finance Officer, Treasurer and Executive Vice President for Business Support Group. She is also the Chairperson of Buildnet Construction, Inc. and Director, Chief Finance Officer and Treasurer of South Western Cement Corporation. She is likewise Director and Treasurer of Solid North Mineral Corporation and Director of the following companies: KB Space Holdings, Inc., A5 Wagyu, Inc., Q-Tech Alliance Holdings, Inc., and Premier Capital Venture Corporation. She has a Bachelor of Science degree in Management, Minor in Enterprise Development from the Ateneo de Manila University.

Antonio S. Abacan, Jr., Filipino, 81, is a nominee for Independent Director of the Company. He served as a member of the Monetary Board of the Bangko Sentral ng Pilipinas from July 3, 2017 until July 2, 2023. Prior to his appointment to the Monetary Board, Mr. Abacan was President and Chairman of Metropolitan Bank & Trust Company, and President and Director of Metrobank Card Corporation and Philippine Savings Bank. He also served as Chairman for First Metro Investment Corporation. He holds a Bachelor of Science in Business Administration Major in Banking and Finance at Mapua Institute of Technology and Major in Accounting at Far Eastern University. He attended an Executive Program at the Graduate School of Business, Stanford University and earned his Doctorate Degree in Business Administration (Honoris Causa) at the Philippine Women's University.

Executive Officers

Ildefonso B. Alindogan, Filipino, 49, was appointed Vice President, Chief Finance Officer and Chief Strategy Officer of the Company on July 5, 2018. He is currently a director of The Purefoods-Hormel Company, Inc., Magnolia Inc. and San Miguel Mills, Inc. and a member of the Board of Commissioners of PT San Miguel Foods Indonesia. He was previously a director of San Miguel Foods, Inc. He joined the San Miguel Group of companies on April 26, 2018. Before joining San Miguel, he was employed at Standard Chartered Bank, Manila, as Executive Director – Head of Philippines FX and Rates Trading, Financial Markets (September 2012 to March 2018). Mr. Alindogan holds a Bachelor of Science Degree in Management Engineering (Honors Program) from Ateneo De Manila University and a Master's in Business Administration, Major in Finance from The Wharton School, University of Pennsylvania.

Alexandra Victoria B. Trillana, Filipino, 50, is the Corporate Secretary (since September 15, 2010), Compliance Officer (since August 8, 2016) and General Counsel (since June 5, 2019) of the Company. She is also Vice President and General Counsel of the Food Division, and Corporate Secretary of San Miguel Foods, Inc., San Miguel Mills, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Super Coffeemix Co., Inc., Golden Food Management, Inc., Golden Bay Grain Terminal Corporation, Golden Avenue Corp., Foodcrave Marketing, Inc. and San Miguel Foods Mindanao, Inc. Atty. Trillana holds a Bachelor's Degree in Commerce Major in Legal Management from De La Salle University and a Juris Doctor Degree from Ateneo de Manila University School of Law.

Kristina Lowella I. Garcia, Filipino, 50, was appointed Assistant Vice President and Investor Relations Manager of the Company effective August 1, 2018. Since June 1, 2022, she is also the Data Protection Officer of the Company. She was previously a Director for Investor Relations of Century Properties Group, Inc. (January 2013 to July 2018). Ms. Garcia holds a Bachelor of Arts Degree from Ateneo De Manila University, a Certificate in Business Administration from Georgetown University, and a Master's in Business Administration from John Hopkins University.

Board Attendance

In 2023, the Board of Directors held six (6) meetings. Set out below is the record of attendance of the directors in these meetings:

	Date of Board Meeting, All in Year 2023					
Director	Feb. 2	Mar. 8	May 9	June 7	Aug. 2	Nov. 8
Ramon S. Ang <i>Vice Chairperson</i>	✓	✓	✓	✓	✓	✓
Francisco S. Alejo III	✓	✓	✓	✓	✓	✓
Roberto N. Huang [†] *	✓	✓	✓	✓	✓	N/A
Emmanuel B. Macalalag	✓	✓	✓	✓	✓	✓
Ferdinand K. Constantino	✓	✓	✓	✓	✓	✓
Aurora T. Calderon	✓	Absent	✓	✓	✓	✓
Menardo R. Jimenez	✓	✓	✓	✓	✓	✓
Ma. Romela M. Bengzon	✓	✓	✓	✓	Absent	✓
Francis H. Jardeleza	✓	✓	✓	✓	✓	✓
John Paul L. Ang	✓	✓	✓	Absent	✓	Absent
Ricardo C. Marquez <i>Independent Director</i>	✓	✓	✓	✓	✓	✓
Cirilo P. Noel <i>Independent Director</i>	✓	✓	✓	✓	Absent	✓
Winston A. Chan <i>Independent Director</i>	✓	Absent	✓	✓	Absent	✓
Aurora S. Lagman <i>Independent Director</i>	✓	✓	✓	✓	✓	✓
Estela M. Perlas-Bernabe <i>Independent Director</i>	✓	✓	✓	✓	✓	✓

* Ceased to be a Director upon his demise on November 4, 2023

Also in the year 2023, the stockholders held the ASM on June 7. The attendance of the directors in this meeting is as follows:

	Date of Stockholders' Meeting, in 2023
Director	June 7
Ramon S. Ang <i>Vice Chairperson</i>	✓
Francisco S. Alejo III	✓
Roberto N. Huang [†]	✓
Emmanuel B. Macalalag	✓
Ferdinand K. Constantino	✓
Aurora T. Calderon	✓
Menardo R. Jimenez	✓
Ma. Romela M. Bengzon	✓
Francis H. Jardeleza	✓
John Paul L. Ang	Absent
Ricardo C. Marquez <i>Independent Director</i>	✓
Cirilo P. Noel <i>Independent Director</i>	✓
Winston A. Chan <i>Independent Director</i>	✓

Aurora S. Lagman <i>Independent Director</i>	✓
Estela M. Perlas-Bernabe <i>Independent Director</i>	✓

Further set out in the table below is the record of attendance of the members of each Board Committee in meetings held by the Committees in 2023.

	Date of Committee Meeting, All in the Year 2023				
Executive Committee	No meeting held				
Ramon S. Ang					
Francisco S. Alejo III					
Roberto N. Huang ^{†*}					
Emmanuel B. Macalalag					
Audit Committee	February 2	March 8	May 9	August 2	November 8
Cirilo P. Noel – Chairperson <i>Independent Director</i>	✓	✓	✓	Absent	✓
Ricardo C. Marquez <i>Independent Director</i>	✓	✓	✓	✓	✓
Winston A. Chan <i>Independent Director</i>	✓	Absent	✓	Absent	✓
Aurora T. Calderon	✓	Absent	✓	✓	✓
Ferdinand K. Constantino	✓	✓	✓	✓	✓
Corporate Governance Committee		March 7	May 9	August 1	
Aurora S. Lagman – Chairperson <i>Independent Director</i>		✓	✓	✓	
Ricardo C. Marquez <i>Independent Director</i>		✓	✓	✓	
Cirilo P. Noel** <i>Independent Director</i>		✓	✓	N/A	
Estela M. Perlas- Bernabe*** <i>Independent Director</i>		N/A	N/A	✓	
Menardo R. Jimenez		✓	✓	✓	
Related Party Transactions Committee		March 7			
Winston A. Chan - Chairperson <i>Independent Director</i>		✓			
Estela M. Perlas-		N/A			

Bernabe*** – Chairperson <i>Independent Director</i>					
Ferdinand K. Constantino		✓			
Cirilo P. Noel <i>Independent Director</i>		✓			
Aurora S. Lagman <i>Independent Director</i>		✓			
Board Risk Oversight and Sustainability Committee					November 7
Ricardo C. Marquez – Chairperson <i>Independent Director</i>					✓
Winston A. Chan <i>Independent Director</i>					✓
Aurora S. Lagman <i>Independent Director</i>					✓
Estela M. Perlas- Bernabe*** <i>Independent Director</i>					✓
Menardo R. Jimenez					✓
Ferdinand K. Constantino					✓
Aurora T. Calderon****					Absent

* Ceased to be a Director upon his demise on November 4, 2023

** Ceased to be a member of the Corporate Governance Committee on June 7, 2023

*** Elected as Chairperson of the Related Party Transactions Committee and member of the Corporate Governance Committee on June 7, 2023 and member of the Board Risk Oversight and Sustainability Committee on August 2, 2023

**** Elected as member of the Board Risk Oversight and Sustainability Committee on August 2, 2023

In 2023, the non-executive directors were able to hold one (1) meeting, with the external auditor and heads of the internal audit group, compliance, and risk functions in attendance. The meeting was chaired by Mr. Cirilo P. Noel, Lead Independent Director. Set out below is the record of attendance of the non-executive directors at the meeting. No executive directors were present to ensure that proper checks and balances are in place within the Company.

Non-Executive Directors	February 2
Ferdinand K. Constantino	✓
Aurora T. Calderon	✓
Menardo R. Jimenez	✓
Ma. Romela M. Bengzon	✓
Francis H. Jardeleza	✓
John Paul L. Ang	✓
Ricardo C. Marquez	✓
Cirilo P. Noel – <i>Chairperson of the Meeting</i>	✓
Winston A. Chan	✓

Aurora S. Lagman	✓
Estela M. Perlas-Bernabe	✓

In view of continuing concerns over the COVID-19 pandemic, all the foregoing meetings held in 2023 were conducted via videoconference.

Board Appraisals, Criteria and Procedures

The Company recognizes that in order to sustain good corporate governance within the organization, the same sound culture must be upheld and cultivated from the top. It is therefore of paramount importance to monitor the governance structure and performance of the Board of Directors (the “Board”) and top management according to their roles, responsibilities and accountabilities.

Since the year 2011, it has been a policy and practice of the Company for its Board to conduct an annual self-assessment exercise through a questionnaire given to each director at the last regular meeting for the year, for the purpose of evaluating the performance of the Board that year and the effectiveness of the Company’s governance processes, and seeking ways to improve such performance.

The Company continually reviews this assessment process to take into consideration leading practices in corporate governance. In fact, the self-rating form had been revised in 2016 to cover the appraisal of the Board as a governing unit, of individual directors, of the different Board Committees, and of management including the President.

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each director, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company’s By-laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

Moreover, the questionnaire allows the director to provide comments and suggestions to further enrich the assessment process. In case clarification is needed on this policy and the performance assessment exercise, the Board addresses their queries to the Compliance Officer.

Facilitated by the Compliance Officer, the annual self-rating form is required to be accomplished and signed by each individual director, then submitted to the Compliance Officer within 30 days from receipt of the form.

The Compliance Officer collates the results of the assessment and reports the same to the Board at a subsequent regular meeting prior to the ASM. The self-rating form may be further amended by the Compliance officer as deemed necessary, provided that the form remains compliant with sound corporate governance standards and practices and applicable law.

For the year 2023, 100% of the directors accomplished and submitted the self-rating form to the Compliance Officer.

Starting in the year 2021, the Company engaged an independent third party, Good Governance Advocates and Practitioners of the Philippines (“GGAPP”), an organization of governance, ethics and compliance professionals, to conduct the 2021 annual performance assessment of the Board and key officers of the Company. GGAPP sent each of the directors a Board Evaluation Form, which was divided into five (5) sections or criteria, namely, the Collective Board Rating, Board Committees, Individual Director’s Self-Rating, Officers’ Rating, and the Overall Comments and Suggestions, with an explanation of the rating process. The accomplished Evaluation Forms were received by GGAPP on December 10, 2021. The Company intends to repeat this process in 2024, and every three (3) years thereafter, in compliance with Recommendation 6.1 of the SEC Code of Corporate Governance for Publicly-Listed Companies, as

well as Section 7.1 of the Company's Manual on Corporate Governance, which both provide that the Board assessment should be supported by an independent third party facilitator every three (3) years.

Term of Office

Pursuant to the Company's Amended By-Laws, the directors are elected at each ASM by stockholders entitled to vote. Each director holds office for a term of one (1) year and until the election and qualification of their successors, unless he resigns, dies or is removed prior to such election.

The nominees for election to the Board of Directors on June 5, 2024, are as follows:

1. Ramon S. Ang
2. Francisco S. Alejo III
3. Carlos Antonio M. Berba
4. Emmanuel B. Macalalag
5. Ferdinand K. Constantino
6. Aurora T. Calderon
7. Menardo R. Jimenez
8. Francis H. Jardeleza
9. John Paul L. Ang
10. Monica L. Ang-Mercado
11. Ricardo C. Marquez
12. Cirilo P. Noel
13. Aurora S. Lagman
14. Estela M. Perlas-Bernabe
15. Antonio S. Abacan, Jr.

Independent Directors

Those who served as independent directors of the Company in 2023 are as follows:

1. Ricardo C. Marquez
2. Cirilo P. Noel
3. Winston A. Chan
4. Aurora S. Lagman
5. Estela M. Perlas-Bernabe

These directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The Certifications of independence of the independent directors of the Company in 2023 are attached hereto as **Annex "A-1", Annex "A-2", Annex "A-3", Annex "A-4", and Annex "A-5"**.

The nominees for election as independent directors of the Board of Directors on June 5, 2024 are as follows:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Ricardo C. Marquez	Ramon S. Ang	None
Cirilo P. Noel	Ramon S. Ang	None
Aurora S. Lagman	Ramon S. Ang	None

Estela M. Perlas-Bernabe	Ramon S. Ang	None
Antonio S. Abacan, Jr.	Ramon S. Ang	None

In approving the nomination for independent director, the Corporate Governance Committee took into consideration the guidelines on the nomination of independent directors prescribed in SRC Rule 38.

The nominees have further certified that they possess all the qualifications and none of the disqualifications provided for in the SRC, the By-laws and Manual on Corporate Governance of the Company, as well as the new Code of Corporate Governance for Publicly-Listed Companies issued by the Securities and Exchange Commission (SEC), which took effect January 1, 2017. In accordance with SEC Memorandum Circular No. 5, series of 2017, the Certifications of independence of the nominees for independent directors of the Company 2023 are attached hereto as **Annex “A-6”, Annex “A-7”, Annex “A-8”, Annex “A-9” and Annex “10”**.

Pursuant to Section 3.4 of the Company’s Charter of the Board of Directors, each stockholder has the right to nominate any director who possesses all of the qualifications and none of the disqualifications set forth in the Revised Corporation Code. Under Section 1, Article II of the Company’s Amended By-Laws, at least two (2) directors shall be residents of the Philippines, and all of them should be stockholders of record of the Company. The Amended Manual on Corporate Governance of the Company also provides for the qualifications and disqualifications of directors.

In this regard, all nominations for the election of directors by the stockholders are submitted in writing to the Board of Directors through the Corporate Secretary on or before the last day of January of every year or at such earlier or later date that the Board of Directors may fix. The list of names of the nominees to the Board of Directors are filed and submitted to the Corporate Governance Committee through the office of the Corporate Secretary at least 60 days prior to the date set for the annual stockholders’ meeting wherein they will be elected.

At the meeting on November 8, 2023, the last Board meeting for the year, as part of the nomination and election process for directors, which the Board assessed as effective, the Company disclosed the date of the 2024 ASM and invited stockholders who wish to nominate candidates to the Board, to submit the names of their nominees not later than January 31, 2024 to the Corporate Secretary at the 4th Floor, 100 E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong, Pasig City, for the consideration of the Chairman and the Corporate Governance Committee.

The Corporate Governance Committee- will pre-screen the qualifications of the nominees and prepare a final list of nominees eligible for election. No other nominations are entertained after the final list of candidates is prepared.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 1, Article II of the Company’s Amended By-Laws, and possess all the qualifications and none of the disqualifications under the Company’s Amended Manual on Corporate Governance and applicable rules and regulations, including the new Code of Corporate Governance for Publicly-Listed Companies and new rules on term limits of independent directors of the SEC.

The nominees for independent directors have been determined to be, in general, persons who, other than for their shareholdings and any per diem received from the Company, do not have any business or relationship with the Company that could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities. The incumbent and nominee independent directors have submitted their respective certifications of qualification as discussed above.

Significant Employees

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

Family Relationships

Mr. Ramon S. Ang is the father of Mr. John Paul L. Ang and Ms. Monica L. Ang-Mercado. There are no other family relationships up to the fourth civil degree either by consanguinity or affinity among the Company's directors, executive officers or persons nominated or chosen by the Company to become its directors or executive officers.

Certain Relationships and Related Transactions (including directors' disclosures thereon)

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company. No related party transactions were entered into by any director in 2023 that required review by the Related Party Transactions Committee and further approval by the Board in accordance with the Related Party Transactions Policy of the Company. There have been no complaints, disputes or problems regarding related party transactions of the Company. The Company observes an arm's length policy in its dealings with related parties.

Directors are required to disclose their business interests, interests in transactions that may come before the Company, or any other conflict of interests. In this regard, directors accomplish a Full Business Interest Disclosure ("FBID") form on an annual basis, as well as a Declaration of Relatives pursuant to the Related Party Transactions Policy of the Company, as part of the process to determine whether they have all the qualifications and none of the disqualifications to be a director of the Company pursuant to the Company's By-laws and Manual on Corporate Governance. The refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the SRC and its Implementing Rules and Regulations is a ground for the temporary disqualification of a director. In this regard, all incumbent and nominee directors of the Company have accomplished the FBID form and the Corporate Governance Committee has determined that they have all the qualifications and none of the disqualifications to be a director of the Company.

On the other hand, the Human Resources group of the Company ensures the implementation of the Company's policy against conflict of interests and the misuse of inside and proprietary information throughout the organization. Employees are required to promptly disclose any business and family-related interest or involvement, which, by nature, may directly or indirectly conflict with the interests of the Company to ensure that such potential conflicts of interest are surfaced and brought to the attention of management for resolution.

Disagreement of Directors and Executive Officers

None of the directors has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Intermediate Parent Company

As of March 31, 2024, SMC owns and controls 5,245,082,440 common shares comprising 88.76% of the outstanding capital stock of the Company entitled to vote.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Company have been the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign,

excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the date of this Information Statement.

The Company is not a party to, nor is its properties the subject of, any significant pending legal proceeding that could be expected to have a material adverse effect on the Company or its business, financial condition and results of operations.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred during the last two (2) fiscal years, as well as those estimated to be paid in the ensuing fiscal year, to the Company's Chief Executive Officer and senior executive officers are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the Chief Executive Officer and Senior Executive Officers ⁵	2024 (estimated)	P115.1 Million	P34.6 Million	P13.7 Million	P163.4 Million
	2023	P110.9 Million	P38.9 Million	P8.7 Million	P158.5 Million
	2022	P110.4 Million	P76.6 Million	P7.9 Million	P194.9 Million
All other officers and directors as a group unnamed	2024 (estimated)	P639.4 Million	P191.6 Million	P174.8 Million	P1,005.8 Million
	2023	P686.7 Million	P325.4 Million	P185.9 Million	P1,198.0 Million
	2022	P650.8 Million	P289.7 Million	P190.9 Million	P1,131.4 Million
TOTAL	2024 (estimated)	P754.5 Million	P226.2 Million	P188.5 Million	P1,169.2 Million

⁵ The Chief Executive Officer and Senior Executive Officers of the Company for 2023 and 2022 are as follows: Ramon S. Ang, Roberto N. Huang[†] (until his demise on November 4, 2023), Francisco S. Alejo III, Emmanuel B. Macalalag and Ildefonso B. Alindogan. The Chief Executive Officer and Senior Executive Officers of the Company for 2024 are as follows: Ramon S. Ang, Carlos Antonio M. Berba (nominated for election as Chief Operating Officer – Beer at the organizational Board of Director' meeting on June 5, 2024), Francisco S. Alejo III, Emmanuel B. Macalalag and Ildefonso B. Alindogan.

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
	2023	P797.6 Million	P364.3 Million	194.6 Million	1,356.5 Million
	2022	P761.2 Million	P366.3 Million	P198.8 Million	P1,326.3 Million

Section 29 of the Revised Corporation Code provides that in the absence of any provision in the by-laws fixing their compensation, directors shall not receive any compensation in their capacity as such, except for reasonable per diems; Provided, however, that the stockholders representing at least a majority of the outstanding capital stock may grant directors with compensation and approve the amount thereof at a regular or special meeting.

Article II, Section 5 of the By-laws of the Company provides that the members of the Board of Directors shall each be entitled to a director's fee in the amount to be fixed by the stockholders at a regular or special meeting duly called for that purpose.

In view of the foregoing, considering that (a) the By-laws of the Company does not fix a compensation for directors, and (b) the stockholders have not granted directors any compensation or director's fee, the Company's directors do not receive any compensation or director's fee from the Company.

As allowed by the Revised Corporation Code, however, each director receives a reasonable per diem of P25,000.00 for each Board meeting attended, and P20,000.00 for each Board Committee meeting attended. The directors did not participate in the determination of such per diems.

The Company paid a total of P3,130,000.00 in per diem allowances to the Board of Directors for meetings attended by them in 2023, as follows:

Executive Directors ⁶	P 655,000
Non-executive Directors ⁷ (other than Independent Directors)	1,220,000
Independent Directors ⁸	1,335,000
TOTAL	<u>P3,210,000</u>

A breakdown of the per diem allowances received by each director for meetings attended by them in 2023 is provided below:

⁶ Comprised of Directors Ramon S. Ang, Roberto N. Huang† (until his demise on November 4, 2023), Francisco S. Alejo III and Emmanuel B. Macalalag.

⁷ Comprised of Directors Ferdinand K. Constantino, Aurora T. Calderon, Menardo R. Jimenez, Ma. Romela M. Bengzon, Francis H. Jardeleza and John Paul L. Ang.

⁸ Comprised of Directors Ricardo C. Marquez, Cirilo P. Noel, Winston A. Chan, Aurora S. Lagman and Estela M. Perlas-Bernabe.

NAME OF DIRECTOR	PER DIEMS
Ramon S. Ang	P 170,000
Francisco S. Alejo III	170,000
Roberto N. Huang [†] (Term up to November 4, 2023)	145,000
Emmanuel B. Macalalag	170,000
Ferdinand K. Constantino	310,000
Aurora T. Calderon	225,000
Menardo R. Jimenez	250,000
Ma. Romela M. Bengzon	145,000
Francis H. Jardeleza	170,000
John Paul L. Ang	120,000
Ricardo C. Marquez	350,000
Cirilo P. Noel	285,000
Winston A. Chan	220,000
Aurora S. Lagman	270,000
Estela M. Perlas-Bernabe	210,000
TOTAL:	P3,210,000

There are no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, by the Company for services rendered during the last fiscal year, and the ensuing fiscal year.

There are no employment contracts between the Company and its executive officers.

There are neither compensatory plans nor arrangements with respect to an executive officer that results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

There are no outstanding warrants or options held by the Company's President, named executive officers and all directors and officers as a group.

Item 7. Independent Public Accountants

The appointment, reappointment and removal of the external auditor, including audit fees, shall be recommended by the Audit Committee, approved by the Board of Directors and ratified by the shareholders. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that non-audit services rendered shall not impair or derogate the independence of the external auditor or violate SEC regulations.

The SEC-accredited accounting firm of KPMG R.G. Manabat & Co. ("RGM & Co.") served as the Company's external auditor for fiscal year 2023. Upon the endorsement of the Audit Committee, the Board of Directors approved at its meeting on March 6, 2024, the nomination for reappointment of RGM & Co. as external auditor of the Company for fiscal year 2024, for further approval of the stockholders at the ASM. Representatives of RGM & Co. are expected to be present at the stockholders' meeting and will be available to respond to appropriate questions. They will have the opportunity to make a statement if they so desire.

Fees billed for the services rendered by RGM & Co. to the Company in connection with the Company's annual financial statements and other statutory and regulatory filings for 2023 amounted to about P1.35 million. Upon endorsement of the Audit Committee, the Board of Directors also approved at its meeting on March 6, 2024 the submission to the stockholders for ratification at the 2024 ASM, such audit fees billed by RGM & Co. No other services were rendered by

RGM & Co. to the Company in 2023. The said 2023 audit fees of the external auditor were negotiated and agreed by management upon the authority of the Board.

Fees billed for the services rendered by RGM & Co. to the Company in connection with the Company's annual financial statements and other statutory and regulatory filings amounted to about P1.35 million for the year 2022 and P1 million each for the years 2021 and 2020.

While RGM & Co. has been the Company's external auditor since the fiscal year 2018, the current signing partner, Mr. Jose P. Javier, Jr., oversaw the external audit of the Company's financial affairs only beginning in the fiscal year 2020, pursuant to the Company's Manual of Corporate Governance, which provides that Company's external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the auditing firm engaged by the Company shall be changed every five (5) years or earlier. RGM & Co. is also the external auditor of SMC. With a common external auditor, the consolidation of results of operations and account balances among the subsidiaries of SMC using a uniform audit approach was and will be facilitated.

Upon approval by the stockholders of the reappointment of RGM & Co. as external auditor of the Company for fiscal year 2024, RGM & Co. will present its proposed 2024 audit plan, including engagement deliverables, audit timetable, key risk areas and audit considerations, to the Audit Committee for approval at the next regular meeting of the Committee. The audit fees will depend on the approved plan. The Company will make the necessary disclosures on this matter in accordance with applicable requirements.

There are no disagreements with the Company's external auditor on accounting and financial disclosure.

Item 8. Compensation Plans

There is no action to be taken at the 2024 ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There is no action to be taken at the 2024 ASM with respect to the authorization or issuance of any securities otherwise than in exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There is no action to be taken at the 2024 ASM with respect to the modification of any class of securities of the Company, or the issuance or authorization of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Brief Description of the General Nature and Business of the Company

San Miguel Food and Beverage, Inc., formerly San Miguel Pure Foods Company Inc. (the "Company" or "SMFB"), was incorporated in 1956 to engage primarily in the business of manufacturing and marketing of processed meat products. The Company, through its subsidiaries, later on diversified into poultry and livestock operations, feeds and flour milling,

dairy and coffee operations, franchising and young animal ration manufacturing and distribution, and starting in the last quarter of 2013, grain terminal handling.

The Company has been listed on the PSE since 1973 and the PDEx since 2020.

In early 2018, the Company amended its primary purpose and changed its corporate name to the present one to reflect its expansion into the alcoholic and non-alcoholic beverage business. The SEC approved the changes on March 23, 2018.

On June 29, 2018, the SEC approved the increase in authorized capital stock of the Company, by virtue of which the Company issued new common shares to its intermediate parent SMC in exchange for SMC's common shares in SMB and GSMI, completing the consolidation of the food and beverage businesses of SMC under the Company.

As a result of the consolidation, the Company is now also engaged in the manufacture, sale and distribution of alcoholic and non-alcoholic beverages.

The Company and its subsidiaries (collectively referred to as the "Group") is a leading food and beverage company in the Philippines. The brands under which the Company produce, market and sell its products are among the most recognizable and top-of-mind brands in the industry and hold market-leading positions in their respective categories. Key brands in the SMFB portfolio include *San Miguel Pale Pilsen*, *San Mig Light* and *Red Horse* for beer, *Ginebra San Miguel* for gin, *Magnolia* for chicken, dairy, ice cream, flour mixes and salad aids, *Monterey* for fresh and marinated meats, *Purefoods Tender Juicy* for hotdogs, *Purefoods* for other refrigerated prepared and processed meats and canned meats, ready-to-eat cooked meals and seafood line, *Veega* for plant-based protein products, *Star* and *Dari Crème* for margarine, and *B-Meg* for animal feeds.

The Company has three primary operating segments—(i) Beer and non-alcoholic beverages ("NAB"), (ii) Spirits, and (iii) Food. The Beer and NAB segment and the Spirits segment comprise the beverage business. The Company operates its beverage business through SMB and its subsidiaries (collectively, SMB or the "Beer and NAB Segment") and GSMI and its subsidiaries (collectively, GSMI or the "Spirits Segment"). The Food segment is managed through a number of other subsidiaries engaged in the food and animal feeds businesses (the "Food Segment"), including San Miguel Foods, Inc., Magnolia Inc., The Purefoods-Hormel Company, Inc., San Miguel Mills, Inc. and San Miguel Super Coffeemix Co., Inc. SMFB serves the Philippine archipelago through an extensive distribution and dealer network and exports its products to almost 70 markets worldwide.

Beer and NAB Segment

The Beer and NAB Segment is the largest producer of beer in terms of both sales and volume in the Philippines, offering a wide array of beer products across various segments and markets. Top beer brands in the Philippines include *San Miguel Pale Pilsen*, *Red Horse*, *San Mig Light* and *Gold Eagle*. Its flagship brand, *San Miguel Pale Pilsen*, has a history of over 130 years and was first produced by *La Fabrica de Cerveza de San Miguel*, which started as a single brewery producing a single product in 1890 and has evolved through the years to become the diversified conglomerate that is SMC. The Beer and NAB Segment also produces NAB such as ready-to-drink tea, ready-to-drink juice and carbonates.

In 2009, Kirin Holdings Company, Limited ("Kirin") acquired a 48.39% shareholding in SMB, of which 43.249% was acquired from SMC and the remaining 5.141% by virtue of a mandatory tender offer and purchase from public shareholders. SMC retained majority ownership of SMB with a shareholding of 51.0%. In connection with Kirin's investment in SMB, Kirin and SMC entered into a shareholders' agreement providing for, among others, corporate governance and approvals, cooperation in the conduct of the business, restrictions on the transfer of SMB shares and other customary arrangements. SMFB adhered to the shareholders' agreement with Kirin and agreed to be bound by the same terms and conditions as a party to the said shareholders' agreement. As of December 31, 2023, SMFB owns 51.16% and Kirin owns 48.54% of SMB.

In 2015, SMB acquired the NAB business from GSMI, which acquisition included property, plant and equipment, finished goods, and inventories, such as containers on hand, packaging materials, goods-in-process and raw materials used in the NAB business. The acquisition is in line with the multi-beverage strategy of SMB that seeks to expand its

product portfolio in the NAB market, among others. This transfer will also benefit from SMB's Returnable Glass Bottle system, strong distribution network and competitive positioning.

Spirits Segment

The Spirits Segment is a leading spirits producer in the Philippines and the largest gin producer internationally by volume. It is the market leader in gin and Chinese wine in the Philippines. GSMI produces some of the most recognizable spirits in the Philippine market, including gin, Chinese wine, brandy, vodka, rum and other spirits. GSMI traces its roots to a family-owned Spanish era distillery that introduced the *Ginebra San Miguel* brand in 1834. The distillery was then acquired by La Tondeña Incorporada in 1924, and thereafter by SMC in 1987 to form La Tondeña Distillers, Inc. In 2003, the company was renamed Ginebra San Miguel Inc. in honor of the pioneering gin brand.

GSMI is a public company listed on the PSE under the stock symbol "GSMI". On December 1, 2020, GSMI's Board of Directors approved the redemption and payment of 32,786,885 preferred shares held by SMC in GSMI, on January 4, 2021. The said redemption resulted to the increase of SMFB's ownership in GSMI from 67.99% to 75.78% as of December 31, 2021.

Food Segment

The Food Segment holds market-leading positions in many key food product categories in the Philippines and offers a broad range of high-quality food products and services to household, institutional and foodservice customers. The Food Segment has some of the most recognizable brands in the Philippine food industry, including *Magnolia* for chicken, dairy, ice cream, flour mixes and salad aids, *Monterey* for fresh and marinated meats, *Purefoods Tender Juicy* for hotdogs, *Purefoods* for other refrigerated processed meats, canned meats, ready-to-eat cooked meals and seafood line, *Veega* for plant-based protein food products, *Star* and *Dari Crème* for margarine, *San Mig Coffee* for coffee, and *B-Meg* for animal feeds.

The breadth of the Food Segment ranges from branded value-added refrigerated meats and canned meats, ready-to-eat cooked meals, seafood, plant-based protein, butter, margarine, cheese, milk, ice cream, salad aids, flour mixes and coffee products (collectively "Prepared and Packaged Food") to integrated feeds ("Animal Nutrition and Health"), poultry and fresh meats ("Protein"), as well as flour milling, grain terminal handling, foodservice, and international operations ("Others").

Products and Brands

Beer and NAB Segment

SMB's product portfolio has grown over the years from a single product produced in a single brewery in 1890.

SMB markets its beer under the following brands: *San Miguel Pale Pilsen*, which is SMB's flagship brand, *Red Horse*, *Red Horse Super*, *San Mig Light*, *San Miguel Flavored Beer*, *San Miguel Super Dry*, *San Miguel Premium All-Malt*, *San Miguel Cerveza Negra*, *San Miguel Cerveza Blanca*, *San Mig Zero*, and *Gold Eagle*. SMB also produces *San Mig Free*, an alcohol-free, non-fermented beverage with no added caloric and non-caloric sweeteners, as well as *San Mig Hard Seltzer*, an easy-to-drink alcoholic beverage made from sparkling water with alcohol in citrus mix flavor. Further, SMB exclusively distributes *Kirin Ichiban* in the Philippines.

For the NAB business, SMB's portfolio includes *Cali*, a sparkling non-alcoholic drink, *Magnolia Healthtea* (ready-to-drink tea), *Magnolia Fruit Drink* (ready-to-drink juice), and *Magnolia Flavored Water* (still flavored water).

San Miguel Brewing International Limited ("SMBIL") and its subsidiaries also offer the *San Miguel Pale Pilsen* and *San Mig Light* brands in Hong Kong, China, Thailand, Vietnam, Indonesia, and most export markets, *Red Horse* in Thailand, China, Hong Kong, Vietnam and selected export markets, in addition to locally available brands: *Valor* and *Blue Ice* (Hong Kong), *Dragon* (South China), *WIN Bia* (Vietnam) and *Anker* and *Kuda Putih* (Indonesia).

SMBIL likewise sells a portfolio of specialty beers including *San Mig Zero* in Thailand, *San Miguel Flavored Beer* in

Vietnam, Taiwan and the United States, *San Miguel Cerveza Negra* in Hong Kong, China, Vietnam, Indonesia, Thailand, United States, South Korea and Taiwan, as well as *San Miguel Cerveza Blanca* in Hong Kong, Thailand, Vietnam, South Korea, Singapore and Taiwan, and has recently rolled-out the limited edition *San Miguel Chocolate Lager* in Thailand, Taiwan, Hong Kong and Vietnam.

Meanwhile, as part of its NAB portfolio, SMBIL carries *San Miguel NAB* and *San Miguel Flavored NAB* in Korea and Saudi Arabia.

Spirits Segment

GSMI has a diverse product portfolio that caters to the varied preference of the local market. Core brands *Ginebra San Miguel*, *GSM Blue* and *Vino Kulafu*, the leading brands in the gin and Chinese wine categories, accounted for 99% of GSMI's total revenues as of December 31, 2023. The other products that complete the liquor business of GSMI comprise about 1% of its total revenues. These products are available nationwide while some are exclusively exported to select countries.

GSMI products are also exported to markets with a high concentration of Filipino communities such as the United Arab Emirates, Taiwan, India, Cayman Islands, New Zealand, Hong Kong, Saipan Macau and the United States of America. GSMI also produces certain brands that are for export only, which include *Tondeña Manila Rum* and *Añejo Rum 5 Years*.

With the onset of the COVID-19 pandemic in early March 2020, GSMI pivoted its production facilities to produce disinfecting 70% ethyl alcohol and donated over 1.3 million liters around the country. In the third quarter of 2020, GSMI commercially launched *San Miguel Ethyl Alcohol* to provide supply of disinfectant alcohol in the local market as well as help stabilize the price.

Food Segment

The Food Segment produces a wide range of food products. Its brand portfolio includes some of the most recognizable and well-regarded brands in the Philippines, such as *Magnolia*, *Monterey*, *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Dari Crème*, *San Mig Super Coffee* and *B-Meg*.

The discussion below presents the key operating subsidiaries, products, brands and services for each of the primary businesses of the Food Segment: Prepared and Packaged Food, Animal Nutrition and Health, Protein and Others.

Prepared and Packaged Food

The Prepared and Packaged Food business includes refrigerated meats, canned meats, ready-to-eat meals, dairy, ice cream, spreads, salad aids, and coffee.

The major operating subsidiaries for the Prepared and Packaged Food business are The Purefoods-Hormel Company, Inc. ("PHC"), Magnolia Inc. ("Magnolia") and San Miguel Super Coffeemix Co., Inc. ("SMSCCI"). PHC, a 60:40 joint venture with Hormel Netherlands, B.V., produces and markets value-added refrigerated processed meats and canned meat products. The joint venture agreement, which was entered into in 1998, sets out the parties' agreement as shareholders of PHC, including, among others, provisions on technical assistance and sharing of know-how, the use of trademarks, fundamental matters requiring shareholder or Board approval, exclusivity covenants and restrictions on the transfer of PHC shares.

Value-added refrigerated meats include hotdogs, nuggets, bacon, hams, and other ready-to-eat meals and meat free products, which are sold under the brand names *Purefoods*, *Purefoods Tender Juicy*, *Star*, *Higante*, *Purefoods Beefies*, *Vida*, *Purefoods Nuggets*, *Purefoods Ready-to-Eat*, and *Veega*. Canned meats, such as corned beef, luncheon meats, sausages, sauces, meat spreads and ready-to-eat viands, are sold under the *Purefoods*, *Star* and *Ulam King* brands.

The dairy and spreads business, primarily operated through Magnolia, manufactures and markets a variety of bread spreads, milk, ice cream, salad aids, and flour mixes. Bread spreads include butter, refrigerated and non-refrigerated

margarine and cheese sold primarily under the *Magnolia*, *Dari Crème*, *Star* and *Cheezee*, *Quickmelt*, *Daily Quezo*, and *Buttercup* brands. Dairy products under the *Magnolia* brand include ready-to-drink *Magnolia Fresh Milk* and *Chocolait*, *Gold Label* ice cream, and all-purpose cream. Flour mixes and salad aids like mayonnaise, sandwich spreads and dressings, are likewise marketed and sold under the *Magnolia* brand. The margarine brands, *Star* and *Dari Crème*, established in 1931 and 1959 respectively, were acquired in the 1990s. Magnolia previously marketed jelly-based snacks under the *JellyYace* brand, until said trademark and other trademarks used in the jelly-based snacks business were divested in May 2021. Moreover, Magnolia also used to manufacture and sell biscuits under the *La Pacita* brand until it ceased operations at its manufacturing facility in October 2021. The *La Pacita* brand and other trademarks used in the biscuits business were divested in March 2023.

The coffee business under SMSCCI is a 70:30 joint venture between SMFB and a Singaporean partner, Jacobs Douwe Egberts RTL SCC SG Pte. Ltd., formerly Super Coffee Corporation Pte. Ltd. SMSCCI imports, packages, markets and distributes coffee mixes and coffee-related products in the Philippines.

Animal Nutrition and Health

The Animal Nutrition and Health business produces integrated feeds and veterinary medicines.

The operating subsidiary for the Animal Nutrition and Health business is San Miguel Foods, Inc. (“SMFI”). Commercial feed products include hog feeds, layer feeds, broiler feeds, gamefowl feeds, aquatic feeds, branded feed concentrates, and specialty and customized feeds. These feeds are sold and marketed under various brands such as *B-Meg*, *B-Meg Premium*, *Integra*, *Expert*, *Dynamix*, *Essential*, *Pureblend*, *Bonanza* and *Jumbo*. SMFI likewise produces and sells dog food under the *Nutri Chunks* brand, as well as various veterinary medicines and preparations under *San Miguel Animal Health Care*.

Protein

SMFI is also the operating subsidiary for the Protein business, which sells poultry and fresh meats products.

The poultry business operates a vertically-integrated production process that spans from broiler breeding to producing and marketing chicken products, primarily for retail. Its broad range of chicken products is sold under the *Magnolia* brand, which includes fresh-chilled or frozen whole and cut-up products. A wide variety of fresh and easy-to-cook products, such as those under the brand *Magnolia Chicken Timplados*, are sold through the *Magnolia Chicken Stations*. The poultry business also sells customized products to foodservice and export clients, supplies supermarket house brands, serves chicken products to wet markets through distributors, and sells live chickens to dealers.

The fresh meats business breeds, grows and processes hogs and trades beef and pork products. Its operations include breeding, growing and slaughtering live hogs and processing beef and pork carcasses into primal and sub-primal meat cuts. These specialty cuts and marinated products are sold in neighborhood and supermarket meat shops under the well-recognized *Monterey* brand name.

Others

Flour milling, the manufacture and marketing of premixes and baking ingredients, foodservice, and international operations, are categorized under Others. The bulk of this segment is accounted for by the Company’s flour milling business and grain terminal operation.

The flour milling business operates under San Miguel Mills, Inc. (“SMMI”). SMMI owns Golden Bay Grain Terminal Corporation, which provides grain handling services (e.g. unloading, storage, bagging, and outloading) to clients, and Golden Avenue Corp., which holds investments in real properties.

The flour milling business offers a variety of flour products that includes bread flour, noodle flour, biscuit and cracker flour, all-purpose flour, cake flour, whole wheat flour, customized flour and flour premixes, such as pancake mix, cake mix, brownie mix, *pan de sal* mix, and *puto* (or rice cake) mix. The business pioneered the development of customized flours for specific applications, such as noodles and *pan de sal*, a soft bread commonly eaten in the Philippines for

breakfast. Flour products are sold under brand names which enjoy strong brand loyalty among its institutional clients and other intermediaries, such as bakeries and biscuit and noodle manufacturers.

The Food Segment currently has operations in Vietnam. San Miguel Foods Investment (BVI) Limited, which operates San Miguel Pure Foods (Vn) Co., Ltd. in Vietnam, is a wholly-owned subsidiary of San Miguel Foods International, Limited. It is in the business of production and marketing of processed meats which are sold under the *Le Gourmet* brand. The Company also holds a 75% stake in PT San Miguel Foods Indonesia (formerly PT Pure Foods Suba Indah), which is a joint venture with PT Hero Intiputra of Indonesia, and engaged in the production and sale of processed meats sold under the *Farmhouse* and *Vida* brands, until it ceased operations on October 31, 2021.

The foodservice business of the Food Segment is handled by Great Food Solutions (“GFS”), a group under SMFI. GFS, which services institutional accounts such as hotels, restaurants, bakeshops, fast food and pizza chains, was established in 2002 and is one of the largest foodservice providers in the Philippines. It markets and distributes foodservice formats of the value-added meats, dairy, flour and coffee businesses. In turn, GFS receives a development fee from these businesses for selling their products to foodservice institutional clients.

Financial Statements

The Audited Consolidated Financial Statements of San Miguel Food and Beverage, Inc. (also referred to in said financial statements as the “Parent Company”) and its Subsidiaries (collectively referred to as the “Group”) as of and for the year ended December 31, 2023, are attached hereto as **Annex “B”**.

The additional components of the financial statements required by the SEC under SRC Rule 68, as amended, are attached to this Information Statement as follows:

- (a) Schedule of indicators of financial soundness (**page 20 of Annex “C”**)
- (b) Reconciliation of Retained Earnings Available for Dividend Declaration (**Annex “D-1”**)
- (c) Map of the group of companies within which the Parent Company belongs (**Annex “D-2”**)

Management’s Discussion and Analysis or Plan of Operation

Management’s Discussion and Analysis or Plan of Operation of the Company and its Subsidiaries as of and for the year ended December 31, 2023 is attached hereto as **Annex “C”**.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action to be taken at the 2024 ASM with respect to any transaction involving mergers, consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

There is no action to be taken at the 2024 ASM with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

There is no action to be taken at the 2024 ASM with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The approval of the following will be considered and acted upon at the meeting:

1. Management Report and Audited Consolidated Financial Statements of the Company and its subsidiaries as of and for the year ended December 31, 2023;
2. Minutes of the ASM held on June 7, 2023 with the following items, as covered by the appropriate resolutions duly adopted during the meeting:
 - a) Approval of the Minutes of the ASM held on June 1, 2022
 - b) Presentation of the Annual Report and Approval of the 2022 Audited Financial Statements
 - c) Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers
 - d) Appointment of External Auditor for 2023
 - e) Election of the Board of Directors

A copy of the draft minutes of the ASM held on June 7, 2023 is attached hereto as **Annex “E”** and is available for viewing in the Company’s website at the following link: https://www.smfb.com.ph/files/reports/DRAFT_Minutes_of_the_SMFB_Annual_Stockholders_meeting_held_on_June_7_2023_v21.pdf. The minutes provide: (1) a description of the voting and vote tabulation procedures used in the meeting in pages 2-3; (2) the question submitted by a stockholder and the response given by the Company in page 4; (3) the matters discussed and resolutions reached in pages 3-7; (4) a record of the voting results for each agenda item in page 7 and Annex “C” to the minutes; and (5) a list of the directors, officers and stockholders or members who attended the meeting via livestream in page 1 and Annex “B” to the minutes.

3. Ratification of all acts of the Board of Directors and Officers since the 2023 ASM, including the following, as covered by the appropriate resolutions duly adopted during Board meetings and/or disclosed to the SEC, the PSE and the PDEx and posted in the Company’s website⁹:
 - a) Appointment of officers, members of the Board Committees, and lead independent director¹⁰

⁹ Copies of SEC Form 17-Cs reporting on these matters are available for viewing in the Company’s website at the following link: http://smfb.com.ph/company-disclosures_17C-1.html.

¹⁰ At the organizational meeting of the Board of Directors held on June 7, 2023, the Board elected the following officer positions: Vice Chairperson, President and Chief Executive Officer; Chief Operating Officer for Food; Chief Operating Officer for Beer; Chief Operating Officer for Spirits; Treasurer; Vice President, Chief Finance Officer and Chief Strategy Officer; Assistant Vice President, Investor Relations Manager and Data Protection Officer; Internal Audit Head of the Company and its Food Division; Compliance Officer, Corporate Secretary and General Counsel of the Company’s Food Division; and Assistant Corporate Secretary. At the same meeting, the Board also appointed the members of the Executive Committee, Audit Committee, Related Party Transactions Committee, Board Risk Oversight Committee and Corporate Governance Committee. Further, Mr. Cirilo P. Noel was appointed as Lead Independent Director of the Company.

- b) Filing of the Company's Quarterly Reports with the SEC, the PSE and the PDEx¹¹
- c) Approval of the external auditor's 2023 Audit Plan and fees negotiated by Management¹²
- d) Creation of the Board Risk Oversight and Sustainability Committee and appointment of two additional members of the Committee¹³
- e) Amendments to the Board Diversity Policy¹⁴
- f) Declaration of cash dividends¹⁵
- g) Approval of the Charter of the Board Risk Oversight and Sustainability Committee¹⁶
- h) Approval of amendments to the Articles of Incorporation¹⁷
- i) Approval of (i) Audited Consolidated Financial Statements as at and for the year ended December 31, 2023 (the "2023 Audited Financial Statements"); (ii) Annual Report for filing with the SEC, the PSE and the PDEx (including the 2023 Audited Financial Statements and the 2023 Sustainability Report); and (iii) 2023 Consolidated Internal Audit Plan and Consolidated Outsourcing Plan of the Internal Audit Group¹⁸

¹¹ *At the meetings of the Board of Directors held on May 9, August 2 and November 8, 2023, upon endorsement of the Audit Committee, the Board approved the submission to the SEC, the PSE and the PDEx of the Quarterly Reports of the Company (or SEC Form 17-Q).*

¹² *At the meeting of the Board of Directors held on August 2, 2023, upon the endorsement of the Audit Committee, the Board approved the external auditor's 2023 Audit Plan for the Company and its subsidiaries. Further, the Board authorized management to negotiate and agree on the audit fees payable to the external auditor based on the approved Audit Plan.*

¹³ *At the meeting of the Board of Directors held on August 2, 2023, upon the endorsement of the Corporate Governance Committee, the Board approved the creation of the Board Risk Oversight and Sustainability Committee in place of the existing Board Risk Oversight Committee, and the appointment of Justice Estela M. Perlas-Bernabe and Ms. Aurora T. Calderon as additional members of the Committee in view of its expanded role.*

¹⁴ *At the meeting of the Board of Directors held on August 2, 2023, upon the endorsement of the Corporate Governance Committee, the Board approved amendments to the existing Board Diversity Policy to incorporate relevant Environmental, Social and Governance principles and enhance compliance by the SMC Group of Companies with various Sustainability Reporting Standards.*

¹⁵ *At the meetings of the Board of Directors on August 2 and November 8, 2023, and the special meeting of the Board on February 1, 2024, the Board of Directors approved the declaration of cash dividends to the holders of its common shares.*

¹⁶ *At the meeting of the Board of Directors held on November 8, 2023, upon the endorsement of the newly constituted Board Risk Oversight and Sustainability Committee, the Board approved the Charter of the said Committee in place of the existing Charter and updates to the Committee's self-assessment worksheet, to reflect the additional sustainability-related duties and responsibilities of the Committee.*

¹⁷ *At the meeting of the Board of Directors held on March 6, 2024, the Board approved the following amendments to the Articles of Incorporation of the Company, subject to further stockholder approval: (a) in the Second Article, the clarification of the primary purpose of the Company to expressly capture the lease and licensing of real and personal property of every kind or description whether tangible or intangible such as trademarks and other intellectual property rights; and (b) in the Third Article, the update of the Company's Pasig City principal office to its current address at 100 E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong, Pasig City.*

¹⁸ *At the meeting of the Board of Directors held on March 6, 2024, upon the endorsement of the Audit Committee, the Board approved (1) the submission to the SEC, the PSE and the PDEx of the Annual Report of the Company (or SEC Form 17-A), including the 2023 Audited Financial Statements and the 2023 Sustainability Report as prescribed under*

- j) Approval of the holding of the 2024 ASM of the Company through remote communication¹⁹

A hard copy of the minutes of the 2023 ASM, as well as resolutions of the Board of Directors since the date of the 2023 ASM, will be available for examination during office hours at the office of the Corporate Secretary.

Item 16. Matters Not Required to be Submitted

There is no action to be taken at the 2024 ASM with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-laws or Other Documents

1. Primary Purpose of the Company

The Articles of Incorporation of the Company, particularly the Second Article, sets out the purposes for which the corporation is formed. Part of the Company's primary purpose noted towards the end of the relevant paragraph, is "to own, acquire, pledge, buy, sell, convey, assign and transfer meats, fish, fruits, cereals, grains, foods, and vegetables and their by-products, alcoholic and non-alcoholic beverages, goods and merchandise, real and personal property of every kind or description which may be incidental in carrying out the business of the corporation".

Considering that the Company also owns trademarks and other intellectual property rights, which are intangible personal property, in addition to its real property and the other assets so enumerated, there is a need to amend the Second Article to clarify the primary purpose of the Company as it relates to the kind of assets it owns, particularly, the lease and license, as the case may be, of real and personal property of every kind and description whether tangible or intangible such as trademarks and other intellectual property rights.

The Company is thus seeking the approval of the shareholders to amend the Articles of Incorporation, particularly the Primary Purpose of the Company in the Second Article, as follows:

SECOND: - That the purpose for which such corporation is formed, is as follows, to wit:

PRIMARY PURPOSE

To can, preserve, prepare, process, manufacture, pack, repack, market, distribute, ship and sell meats, fish, fruits, vegetables, cereals, and their by-products; to buy or otherwise acquire, can, preserve, process, manufacture, market, prepare for market, sell, deal in, deal with, import and export food and food products of every class and description, fresh, canned or preserved or otherwise, and all food and other preparations; to manufacture fermented and malt-based beverages, particularly beer of all kinds and classes, beer yeast (cerevicina), malt extract and carbonic gas, as well as to distill, rectify, manufacture and bottle wines, spirits, essences, whiskeys, gins, liquors and other alcoholic drinks, alcohol and alcohol-based, alcohol related or allied products, water and water-based beverages, and other non-alcoholic beverages, of all kinds and classes, prepare, purchase and sell malt, barley and other

SEC Memorandum Circular No. 4, series of 2019; and (2) the Company's 2024 Consolidated Audit Plan and Consolidated Outsourcing Plan of the Internal Audit Group.

¹⁹ *At the meeting of the Board of Directors held on March 6, 2024, the Board approved the virtual holding of the ASM of the Company on June 5, 2024, Wednesday, 2:00 p.m., where stockholders may attend and vote through remote communication. Management was authorized to determine the mechanics to implement such mode of voting, in accordance with any rules the SEC and PSE may issue on this subject.*

cereals, flour, yeast and other products which might be used in connection with the said business or manufacture; to buy, import, sell, export, and trade in such food and beverage products, including raw materials therefor; to own, acquire, pledge, buy, sell, convey, **lease, license**, assign and transfer, **as the case may be**, meats, fish, fruits, cereals, grains, foods, and vegetables and their by-products, alcoholic and non-alcoholic beverages, goods and merchandise, real and personal property of every kind or description **whether tangible or intangible such as trademarks and other intellectual property rights**, which may be incidental in carrying out the business of the corporation.

XXXXX

The foregoing amendment, in boldface and underscored, was unanimously approved by the Board of Directors at its meeting on March 6, 2024.

The current business, operations and capital structure of the Company will not be affected by the amendment. There will be no change in the rights of stockholders of the Company as an effect of the approval of the proposal.

2. Principal Office of the Company

The Third Article of the Articles of Incorporation of the Company states that the place where the principal office of the corporation is to be located or established is at the 23rd Floor, The JMT Corporate Condominium, ADB Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines.

At the regular meeting on March 13, 2019, the Board of Directors approved the change in office address of the Company to 100 E. Rodriguez Jr. Avenue (C-5 Road), Barrio Ugong, Pasig City, as the Company intended to transfer to its new office at the said address in the second quarter of 2019. However, the Articles of Incorporation was no longer amended at the time, as under SEC Memorandum Circular No. 6, series of 2016, the amendment was not required considering that the new office address was still located within the same city, Pasig City, and the Company continues to own property in The JMT Corporate Condominium, Pasig City. The Company nevertheless updated its General Information Sheet and other SEC filings to reflect its new office address.

That said, the Company would now like to align its Articles of Incorporation with its records and filings with other government and regulatory authorities, by specifying its current office address, which is in Barangay Ugong, Pasig City.

The Company is thus seeking the approval of the shareholders to amend the Articles of Incorporation, particularly the Third Article, as follows:

THIRD: - That the place where the principal office of the Corporation is to be located or established is at **100 E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong**, Pasig City, Metro Manila, Philippines. Branch offices may be established anywhere in the Philippines or abroad.

The foregoing amendment, in boldface and underscored, was unanimously approved by the Board of Directors at its meeting on March 6, 2024.

The current business, operations and capital structure of the Company will not be affected by the amendment. There will be no change in the rights of stockholders of the Company as an effect of the approval of the proposal.

Item 18. Other Proposed Action

There is no action to be taken at the 2024 ASM with respect to any matter not specifically referred to above.

Item 19. Voting and Vote Tabulation Procedures

Approval of the Minutes of the Annual Stockholders' Meeting held on June 7, 2023

The affirmative vote of stockholders holding majority of the common shares cast by ballot or by proxy at the meeting is necessary for the approval of the minutes of the 2023 ASM of the Company.

Presentation of the Annual Report and Approval of the 2023 Audited Financial Statements

The affirmative vote of stockholders holding majority of the common shares cast by ballot or by proxy at the meeting is necessary for the approval of the annual report and 2023 audited consolidated financial statements, as presented.

Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers

The affirmative vote of stockholders holding majority of the common shares cast by ballot or by proxy at the meeting is necessary for the ratification of acts and proceedings of the Board of Directors and corporate officers of the Company since the 2023 ASM on June 7, 2023, until the 2024 ASM on June 5, 2024.

Approval of Amendments to the Articles of Incorporation to clarify (a) the primary purpose of Company as it relates to the assets it owns, in the Second Article; and (b) the Pasig City principal office address of Company, in the Third Article

The affirmative vote of stockholders holding at least two-thirds (2/3) of the common shares present or represented by proxy at the meeting is necessary for the approval of the proposal to amend the Second Article of the Articles of Incorporation to reflect the change in the Company's primary purpose to capture the lease and license, as the case may be, of real and personal property of every kind and description whether tangible or intangible such as trademarks and other intellectual property rights.

The affirmative vote of stockholders holding at least two-thirds (2/3) of the common shares present or represented by proxy at the meeting is necessary for the approval of the proposal to amend the Third Article of the Articles of Incorporation to reflect the change in the Company's Pasig City principal office address to its current address in E. Rodriguez Jr. Avenue (C5 Road), Barangay Ugong, Pasig City.

Appointment of External Auditor for 2024

The affirmative vote of stockholders holding majority of the common shares cast by ballot or by proxy at the meeting is necessary for the reappointment of RGM & Co. as external auditor of the Company for fiscal year 2024.

Ratification of External Auditor Fees for 2023

The affirmative vote of stockholders holding majority of the common shares cast by ballot or by proxy at the meeting is necessary for the ratification of audit fees billed by RGM & Co. to the Company for 2023 in the amount of about P1.35 million.

Election of the Board of Directors

For the election of directors, the fifteen (15) nominees with the greatest number of votes will be elected directors.

In this regard, each common stockholder may choose to do any of the following:

1. Vote such number of his/her shares for as many person(s) as there are directors to be elected;
2. Cumulate such shares and give one candidate as many votes as the number of shares to be elected multiplied by the number of his shares; or
3. Distribute his/her shares on the same principle as option (2) above among as many candidates as he/she shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him/her multiplied by the whole number of directors to be elected.

Method of Voting

The method of voting for all the proposals or matters submitted to a vote at the meeting will be by ballot or by proxy submitted not later than May 22, 2024. A sample of a ballot/proxy is included in this Information Statement and is available for download from the Company's website at <http://www.smfb.com.ph/disclosures/1/notice-of-annual-and-special-stockholders--meetings>. For an individual, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. For a corporation, its proxy must be accompanied by its Corporate Secretary's certification setting the representative's authority to represent the corporation in the meeting. Proxies need not be notarized. Copies of accomplished ballots and proxies may be sent in advance through email at smfbasm@sanmiguel.com.ph, but in any case, the original documents, including Secretary's Certificates, if applicable, must be received by the office of SMC Stock Transfer Service Corporation at the 2nd Floor, SMC Head Office Complex, 40 San Miguel Avenue, Mandaluyong City 1550, not later than May 29, 2024. Validation of proxies will be on May 31, 2024, at 10:00 a.m. at the above office of SMC Stock Transfer Service Corporation.

The Corporate Secretary and Assistant Corporate Secretary, with the assistance of SMC Stock Transfer Service Corporation, the Company's stock transfer agent, as well as the Company's independent external auditor, shall count and tabulate all votes cast during the meeting. The method of counting the votes shall be in accordance with the general provisions of the Revised Corporation Code.

In all proposals or matters for approval except for election of directors, each share of stock entitles its registered owner (who is entitled to vote on such particular matter) to one vote.

Other than the nominees for election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise, in any way, of the matters to be taken up during the meeting. The Company has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the 2024 ASM.

Compliance with Leading Practices on Corporate Governance

The evaluation by the Company to measure and determine the level of compliance of the Board of Directors and top level management with its Manual on Corporate Governance (the "Manual") is vested by the Board of Directors in the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual. Compliance by the Board of Directors and top-level management with the Manual is evaluated on the basis of their compliance with the policies and procedures of the Company specifically adopted for good corporate governance.

In compliance with the requirement of the SEC, the directors and key officers of the Company regularly attend a training or program on corporate governance at least once a year. In 2023, they attended seminars conducted by SEC-accredited providers, including but not limited to Risks, Opportunities, Assessment and Management (ROAM), Inc., Center for Global Best Practices, and SGV & Co.

During the four-hour seminar conducted by SGV & Co. on September 8, 2023, which was also attended by the Company's internal audit group head, the participants were given an overview of corporate governance principles. The participants were briefed on the impact of artificial intelligence, including ChatGPT, and its opportunities in the food and beverage industry, particularly relating to talent management and development, quality control, product innovation, packaging design, recipe formulation, risk management as well as data privacy compliance. The Company's directors and key officers were also enlightened on the relevance of information and technology (IT) governance in ensuring the effective and efficient use of IT in achieving the overall objectives of the Company. Below are the corporate governance trainings attended by the members of the Board of Directors and key officers:

Date	Provider	Attendees
September 8, 2023	SGV & Co.	Francisco S. Alejo III Ferdinand K. Constantino Menardo R. Jimenez Francis H. Jardeleza Ricardo C. Marquez Cirilo P. Noel Alexandra Victoria B. Trillana Ma. Celeste L. Ramos Kristina Lowella I. Garcia Johanna Dominique G. Esteban
September 20, 2023	SGV & Co.	John Paul L. Ang Ricardo C. Marquez Ildefonso B. Alindogan Virgilio S. Jacinto
October 20, 2023	Risks, Opportunities, Assessment and Management (ROAM), Inc.	Emmanuel B. Macalalag Aurora S. Lagman Ma. Romela M. Bengzon Winston A. Chan
November 10, 2023	Center for Global Best Practices	Ramon S. Ang Ferdinand K. Constantino Aurora T. Calderon

The Company's orientation program for new or first time directors, wherein such directors are given an overview of the Company, including the Company's history, business, the industry and categories it participates in, product portfolio, brands, corporate structure, its Articles of Incorporation and By-laws (including the Company's ASM and Board meeting schedules), operations and plans of its businesses, financial performance, core value, vision and strategic thrusts, Board Committees, key management and other relevant matters necessary and desirable to enable the new director to contribute effectively in Board meetings and faithfully fulfill his duties and responsibilities to the Company, ensures meaningful discussion and participation of the Board in the governance of the Company. Copies of the Company's Manual on Corporate Governance, Charter of the Board of Directors, Code of Business Conduct and Ethics, Cash Dividend Policy, Policy on Securities Dealing, Conflict of Interest Policy, Related Party Transactions Policy, Personal Data Privacy Policy, Whistle-Blowing Policy, Group Policy on Solicitation or Acceptance of Gifts, Board Diversity Policy and other policies that may have been recently adopted as of the date of the briefing, are also provided to the new directors, for their guidance. In this regard, a new director orientation briefing was conducted on October 25, 2022, for Justice Estela M. Perlas-Bernabe who was elected to the Board of Directors on August 3, 2022. There was no new first-time director elected to the Company's Board of Directors in 2023.

On the basis of the foregoing, the Company certifies that, for 2023, its Board of Directors and top-level management have complied with the provisions of the Manual.

In order to aid the Board of Directors in complying with the principles of good corporate governance, the Board of Directors constituted the Executive, Audit, Corporate Governance (CG), Related Party Transactions (RPT) and Board Risk Oversight (BRO) Committees, which Committees include the required number of independent directors as members in accordance with SEC regulations. The Audit Committee adopted its own Charter in 2012, while the CG, RPT and BRO Committees each adopted their own Charter in August 2017. On August 2, 2023, the Board of Directors approved the creation of the Board Risk Oversight and Sustainability (BROS) Committee in place of the existing BRO Committee. The new Committee was tasked to assist the Board in determining sustainable development policies, directions, and strategies and in fulfilling its oversight responsibilities in relation to the Company's sustainability efforts and initiatives, as well as risk management systems. On November 7, 2023, the newly constituted BROS Committee adopted its Charter in place of the existing Charter. The Charters set out the respective Committee's role, authority, duties and responsibilities, and the procedure which guides the conduct of its functions.

The Company's Manual on Corporate Governance was approved by the Board of Directors on August 16, 2002, and was amended several times since then to comply with SEC Memorandum Circulars subsequently issued, including the new Code of Corporate Governance for Publicly-Listed Companies, which took effect on January 1, 2017.

On May 29, 2018, the Company submitted its first Integrated Annual Corporate Governance Report (I-ACGR) in accordance with SEC Memorandum Circular No. 17, series of 2017. Since then, the Company has been submitting and will continue to submit its I-ACGR within the prescribed period.

On August 7, 2019, upon the endorsement of the CG Committee, the Board approved the Charter of the Board of Directors of the Company, which formalizes and clearly states the roles, responsibilities, and accountabilities of the directors in carrying out their fiduciary role.

On November 6, 2019, the Board of Directors approved further amendments to the Manual to clarify that the internal audit function of the Company shall be carried out by three separate and independent Internal Audit Groups, in view of the magnitude of the Company's operations following the consolidation of the food and beverage businesses of SMC under the Company.

On August 5, 2020, upon endorsement of the CG Committee, the Board of Directors approved self-assessment forms for the members of the CG Committee, BRO Committee and RPT Committee to accomplish at the end of the year, on an annual basis. On November 8, 2023, upon endorsement of the newly constituted BROS Committee, the Board approved the updated self-assessment form for the members of the said new Committee to accomplish annually. The forms are in addition to the self-assessment form for the members of the Audit Committee to accomplish as previously approved by the Board. All the forms were prepared in accordance with the Charters of the said Committees. The results of the assessment will be the basis of the formulation of objectives and plans to improve the Committees' performance, including any recommendations for amendments to the Committees' Charters.

For the year 2021, and in compliance with Recommendation 6.1 of the SEC Code of Corporate Governance for Publicly-Listed Companies, as well as Section 7.1 of the Company's Manual, which both provide that the Board assessment should be supported by an independent third party facilitator every three (3) years, the Company engaged GGAPP, an organization of governance, ethics and compliance professionals, to conduct the 2021 annual performance assessment of the Board and key officers of the Company. GGAPP sent each of the directors a Board Evaluation Form, which is divided into five (5) sections or criteria, namely, the Collective Board Rating, Board Committees, Individual Director's Self-Rating, Officers' Rating, and the Overall Comments and Suggestions, with an explanation of the rating process. The accomplished Evaluation Forms were received by GGAPP on December 10, 2021. The Company intends to repeat this process in 2024.

In the early part of 2022, upon the endorsement of the CG Committee, the Board approved at its meeting on March 9, 2022, the Charter of the Executive Committee of the Company, which sets out the purpose, membership and qualifications, authority, duties and responsibilities of the Executive Committee, and the procedures that will guide the conduct of its functions. The Board also approved at said meeting a Policy on Board Diversity, in compliance with Recommendation 1.4 of the SEC Code of Corporate Governance for Publicly-Listed Companies. Under the Policy, the

selection process of candidates for director shall be based on merit and an objective criteria that is aligned with the strategic requirements of the Company. Competent and qualified nominees shall not be discriminated against by reason of gender, age, religion, cultural and educational background, or ethnicity.

On August 2, 2023, upon further endorsement of the CG Committee, the Board of Directors approved amendments to the existing Board Diversity Policy to incorporate relevant Environmental, Social and Governance principles and enhance compliance by the SMC Group of Companies with various Sustainability Reporting Standards. The Board was also informed of the new policies adopted by the SMC Group for the same purpose, including the Code of Conduct and Ethical Business Policy that applies to SMC Group directors, officers, and employees.

Pursuant to its commitment to good governance and business practice, the Company continues to review and strengthen its policies and procedures in order to ensure that such policies and procedures are consistent with leading practices on good corporate governance, giving due consideration to developments in the area of corporate governance, which it determines to be in the best interests of the Company and its stockholders.

[Undertaking in following page.]

UNDERTAKING

The Company will post the full version of this SEC Form 20-IS (Definitive Information Statement), together with all its annexes including (a) the 2023 audited consolidated financial statements of the Group, and (b) the first quarter of 2024 interim unaudited consolidated financial statements of the Group attached hereto as **Annex "F"**, on its corporate website at the link: <http://www.smfb.com.ph/disclosures/l/information-statements--sec-form-20-is-> upon its submission to the SEC.

The Company will likewise post its first quarter of 2024 interim unaudited consolidated financial statements of the Group on SEC Form 17-Q (the "Q1 2024 SEC Form 17-Q") on its corporate website at the link: <http://www.smfb.com.ph/disclosures/l/quarterly-reports--sec-form-17-q-> not later than May 14, 2024.

Upon the written request of a stockholder and when circumstances permit, the Company undertakes to furnish such stockholder with a copy of this Definitive Information Statement, Q1 2024 SEC Form 17-Q, and/or its Annual Report for the year ended December 31, 2023 on SEC Form 17-A, free of charge. Such written request shall be directed to:

SMC Stock Transfer Service Corporation
2/F, San Miguel Corporation
No. 40 San Miguel Avenue, Mandaluyong City 1550
Metro Manila, Philippines

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on May 7, 2024.

SAN MIGUEL FOOD AND BEVERAGE, INC.

By:


ALEXANDRA VICTORIA B. TRILLANA
Corporate Secretary

COVER SHEET

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S. E. C. Registration Number

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(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RICARDO C. MARQUEZ**, Filipino, of legal age and a resident of 14 R. Kangleon St., Phase 4, AFPOVAI, Fort Bonifacio, Taguig City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its independent director since March 16, 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Please see attached Annex "A".		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this **MAR 08 2023** at Pasig City.


RICARDO C. MARQUEZ
Affiant

SUBSCRIBED AND SWORN to before me this MAR 08 2023 at Pasig City,
affiant personally appeared before me and exhibited to me his Passport No. P8150038B
issued at DFA Manila and valid until November 11, 2031.

Doc. No. 244;
Page No. 50;
Book No. VIII;
Series of 2023.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
PTR No. 0162060; 1/5/2023; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022



RICARDO C. MARQUEZ

Mobile phone: +63-917-834-8438

E-mail: rcm582@yahoo.com

General Ric, 62, was elected as Independent Director of Petron Corporation in May 2022; of Top Frontier Investment Holdings, Inc. in March 2022; of San Miguel Food and Beverage, Inc. in March 2017; and of Eagle Cement Corporation in February 2017. He is likewise a member of the Board of Trustees of the Public Safety Mutual Benefit Fund, Inc. beginning July 2015, after serving as its Chairman from July 2015 to June 2016.

He served the Philippine National Police (PNP) in various capacities before he became the PNP Chief in July 2015. During his term, he greatly improved the performance of the PNP and elevated its trust and approval rating to an all-time high through the implementation of relevant systems and programs that significantly reduced the country's national index crime volume and improved the PNP's crime solution efficiency through his pioneer projects: *B2B: PNP or Back to Basics*; *Patrulya ng Pamayanan*; *Oplan Lambat Sibit*; and *One-Time Big-Time Operations against the illegal drug trade*.

He likewise successfully planned and managed the security operations for the 2016 National and Local Elections, the 2015 year-long Asia Pacific Economic Cooperation (APEC) Meetings and its culminating activity, the Economic Leaders' Meeting, and the 2015 State and Apostolic Visit of Pope Francis, among others, for which he was awarded twice the Philippine Legion of Honor by the President of the Philippines, and feted by his alma mater with her highest award, the Cavalier Award as Most Outstanding Alumnus in Special Operations. His illustrious career and experience equipped him with the expertise in contingency planning/enterprise risk management, making him the suitable Chairman for the Risk Oversight Committees of San Miguel Food and Beverage, Inc. and Eagle Cement Corporation.

He completed the Senior Leadman Course of the University of the Philippines Open University; the Leaders in Development Executive Program of the Harvard Kennedy School; the Strategic Business Economics Program of the University of Asia and the Pacific; the 224th Session of the Federal Bureau of Investigation National Academy; and the Senior Crisis Management Course of the ATA, Department of Homeland Security in Washington, D.C. He holds a Bachelor of Science degree from the Philippine Military Academy and a Master in Management degree from the Philippine Christian University.

He is happily married to Luz, a retired nurse from New York, a businesswoman, and a homemaker. They have three children: Gwen, a Metropolitan Trial Court Judge, and the mother of his two granddaughters- Amanda and Cassandra; Fae, an accountant who is a Corporate Planning Manager in the Energy Development Corporation, and the mother of the first boy in the Marquez household- Ramon; and Erika, a second year resident at the Department of Surgery of the Manila Doctors Hospital.

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

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Dept. Requiring this Doc.

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To be accomplished by SEC Personnel concerned

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Document I. D.

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CERTIFICATION OF INDEPENDENT DIRECTOR

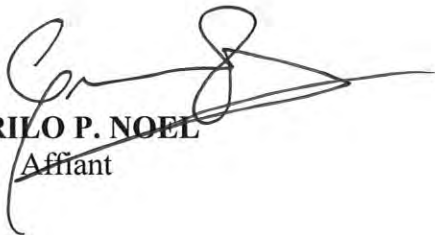
I, **CIRILO P. NOEL**, Filipino, of legal age and a resident of **817 Gamao St., Ayala Alabang, Muntinlupa City**, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent Director since September 12, 2018.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Please see attached Annex "A".		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 08 2023 at Pasig City.


CIRILO P. NOEL
Affiant

SUBSCRIBED AND SWORN to before me this MAR 08 2023 at Pasig City,
affiant personally appeared before me and exhibited to me his Passport No. P5718000A
issued on January 22, 2018 at DFA NCR South.

Doc. No. 245;
Page No. 50;
Book No. VIII;
Series of 2023.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
PTR No. 0162060; 1/5/2023; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022



CIRILO (Vic) P. NOEL, 66, Filipino, is a lawyer and certified public accountant (CPA). He is the Chairman of Palm Concepcion Power Corporation (since June 2018), Juxtapose Ergo Consultus, Inc. (since May 2019), and Confiar Land Corp (since September 2021). He is also a member of the Board of Directors of PLC- Security Bank Corporation (since April 2018) and appointed Vice Chairman in April 2020.

He is a member of the Board of Directors of Eton Properties, Inc. (since April 2019), Transnational Diversified Group Holdings (since August 2019), Amber Kinetics Holdings Co., PTE Ltd. (since March 2018), PLC-Globe Telecom, Inc. (since April 2018), LH Paragon

Group, Golden ABC (since January 2018), PLC-San Miguel Foods and Beverage, Inc. (since September 2018), PLC-Robinsons Retail Holdings (since August 2020), and PLC First Philippine Holdings Corporation (since May 2021).

He is also a member of the Board of Trustees of St. Luke's Medical Center Quezon City (since August 2017) and St. Luke's Medical Center College of Medicine (since September 2018). He sits as a board member of St. Luke's Medical Center- Global City (since August 2017) and St. Luke's Foundation, Inc. (since August 2018).

He is also currently affiliated with the Makati Business Club, Harvard Law School Association of the Philippines, and Harvard Club of the Philippines.

He was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019), PLC PAL Holdings, Inc. (from 2018 to 2019), and PLC-JG Summit Holdings (from 2018 – 2021).

He was recognized as the 2019 Outstanding Professional of the Year in the field of Accountancy by Professional Regulations Commission for his distinguished contributions to the fields of accountancy, tax, and law. He was also awarded as one of the 75 Most Outstanding UE Alumni by the University of the East in 2021. In March 2023, he was presented the Accountancy Centenary Award of Excellence by the Professional Regulatory Board of Accountancy for being one of the notable CPAs in the country.

He held various positions in SGV & Co., including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2010), Vice Chairman & Deputy Managing Director (from 2004 to 2009), Head of Tax Division (from 2001 to 2008) and Partner, Tax Services (from 1993 to 2017).

For two terms, he was a member E&Y Global Advisory Council member. He was also Ernst & Young (EY) ASEAN Tax Head and Far East East Area Tax Leader from 2004 to 2009 and the Presiding Partner of E&Y Asia Pacific Council.

He graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws from the Ateneo Law School. He took Master of Laws at Harvard Law School. He is a Harvard International Tax Program fellow and attended the Asian Institute of Management Program Management Development Program.

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

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Dept. Requiring this Doc.

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **WINSTON A. CHAN**, Filipino, of legal age and a resident of **235 Calatagan St., Ayala Alabang Village, Muntinlupa City 1780**, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent Director since February 6, 2019.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION POSITION/RELATIONSHIP PERIOD OF SERVICE

Please see attached Annex "A".

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).

4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done
City.

this

MAR 08 2023

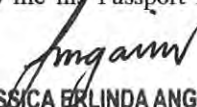
at

Pasig


WINSTON A. CHAN

Affiant

SUBSCRIBED AND SWORN to before me this MAR 08 2023 at Pasig City, affiant personally appeared before me and exhibited to me his Passport No. POB45334C issued on 08 JUL 22 at DFA NCR SOUTH.


MARIA JESSICA ERLINDA ANGELA M. GARCIA

Notary Public for Pasig City

Commission until 31 December 2024

100 E. Rodriguez Jr. Avenue (C5 Road)

Barangay Ugong, Pasig City 1604

APPT No. 46 (2023-2024)/Roll No. 66422

IBP Life Member No. 015084; 6/6/2016, Quezon City

PTR No. 0162060; 1/5/2023; Pasig City

MCLE Compliance No. VII-0019349, 5/27/2022

DOC. NO. 246
PAGE NO. 67
BOOK NO. VIII
SERIES OF 2023



Winston A. Chan CISM, CISA, CPA
 Mobile: + 63 917 894 8125
 Email: wacwinston@gmail.com

Winnie (67) is currently serving as an Independent Director of a large listed Food & Beverage Company, an Independent Director of a listed , an Independent Director of a listed Indonesian Beer Company, an Independent Director of a large Packaging Company, an independent director of a publicly listed bank an independent director of the largest cement company Regular Director at a privately held Information Technology Services Company. He has also served as an IT advisor to the Board of Directors of a listed Logistics Company and a privately-held Logistics Company.

Winnie is a retired partner of SGV/EY and the former managing partner of SGV/EY Advisory Service Line. He has more than 34 years of Audit and IT Audit, and Strategic IT and Business Consulting experience.

He lead the transformation of what was mainly risk consulting practice in SGV to a broader portfolio of business consulting services with capabilities in customer, finance, supply chain, and IT advisory. The Philippine Advisory practice became the biggest in head count and highest margin in EY ASEAN when he transitioned out his advisory leadership role. He was part of the broader management of the firm as a member of SGV's Management Committee and the EY ASEAN Advisory Leadership Team.

Winnie led the reshaping of the Philippine Advisory Services client portfolio to have more of the large global and local key accounts with multi-year engagements in the revenue mix. He has leveraged on the attractiveness of the Philippines as a BPO and shared services location to help EY teams win global engagements by using Manila as the talent hub for a cost-effective service delivery center for finance, supply chain advisory, and internal audit transformation work. He was part of the global account leadership team for several large accounts of EY Global.

He has served the firm in various leadership roles: Asia Pacific lead partner for Global Business Consulting Methodology Development and Deployment, Far East Area lead partner for IT Effectiveness Practice, ASEAN lead partner for Performance Management and Measurement practice, and ASEAN lead partner for Finance Advisory practice.

Winnie completed the Advanced Management Program (AMP) at the Harvard Business School in Boston, MA, The Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management (AIM).

He obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran. Winnie is a Certified Information Systems Manager (CISM), a Certified Information Systems Auditor (CISA), and a Certified Public Accountant (CPA).

Winnie is a member of the Management Association of the Philippines (MAP). He is a member of the board of directors of the Harvard Club of the Philippines. He has also served as the Co- president of the Harvard Club of the Philippines from 2014 to 2016, and as Co-president of the Harvard Business School Club of the Philippines from 2012 to 2014. He has also served for 2 terms as a member of the board of directors of the Information Technology Association of the Philippines (ITAP).

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **AURORA S. LAGMAN**, Filipino, of legal age and a resident of 38 Samar Avenue, South Triangle, Quezon City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its independent director since March 9, 2022.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Please see attached Annex "A".		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 08 2023 at Pasig City.


AURORA S. LAGMAN
Affiant

SUBSCRIBED AND SWORN to before me this MAR 08 2023 at Pasig City, affiant personally appeared before me and exhibited to me her Senior Citizen No. 2360030 issued in Minalin, Pampanga.

Doc. No. 247;
Page No. 51;
Book No. VIII;
Series of 2023.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
PTR No. 0162060; 1/5/2023; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022

CURRICULUM VITAE
AURORA SANTIAGO LAGMAN

ANNEX "A"

PERSONAL:

Date & Place of Birth February 20, 1939
Obando, Bulacan
Civil Status Married to Roberto M. Lagman
Address 38 Samar Avenue, South
Triangle, Quezon City
Telephone Res.: 926-64-32; 926-35-22
Mobile No. 920-964-1848
Email: auroralagman11@gmail.com
aurora.lagman@icloud.com

EDUCATION:

Bachelor of Laws, Lyceum of the Philippines, 1977
Passed the Bar Examinations in the same year with
a rating of 81.27%

Program of Instruction for Lawyers, Harvard Law
School, Cambridge, Massachusetts, U.S.A.
June 1997

Special Course on Evidence, National Judicial
College, University of Nevada, Reno, U.S.A.
May 1997

Juvenile Justice Administration, Delinquency
Control Institute, University of Southern
California, U.S.A. January-February 1989

WORK EXPERIENCE:

Member, Board of Directors
Ginebra San Miguel Inc.
March 2017 - present

Member, Judicial and Bar Council
October 13, 2008 - July 9, 2016

Associate Justice, Court of Appeals
February 4, 2004 - January 15, 2008
(optional retirement)

Judge, Regional Trial Court, Malolos, Bulacan
May 11, 1994 - February 3, 2004

✓

Senior State Prosecutor, Department of Justice
July 2, 1990 - May 10, 1994

State Prosecutor II, Department of Justice
January 29, 1987 - July 1, 1990

District Citizens Attorney (District Head)
Citizens Legal Assistance Office (now Public
Attorneys Office) Department of Justice
February 14, 1984 - January 28, 1987

Citizens Attorney, Citizens Legal Assistance
Office, Department of Justice
May 1, 1979 - February 13, 1984

Senior Research Attorney, Citizens Legal
Assistance Office, Department of Justice
August 1, 1978 - April 30, 1979

Professor, College of Law
Bulacan State University
2016 - present (on leave since 2020 up to present)

OTHER WORK EXPERIENCE:

Chairman, Task Force on Revenue Cases
Department of Justice, June 1990 - March 1994

Chairman, Task Force on Public Utilities
Department of Justice, 1987 - March 1994

Chairman, Task Force on Passport Irregularities
Department of Justice, November 1989 - July 1990

Chairman, Legal Protection and Welfare Sector
Council for the Welfare of Children
1987 - March 1994

RELEVANT SEMINARS ATTENDED:

Seminar on Corporate Governance: Board Effective-
ness and Best Practices, Center for Global
Best Practices, November 10, 2017

Trainers' Training Program under the Anti-Money
Laundering Project of the Central Bank of the
Philippines and the European Union
November 2006 - March 2007

C

U.S. Alternate Dispute Resolution Methods
conducted by the U.S. National Judicial
College, Hyatt Regency Hotel, Pasay City
October 1, 1994

AWARDS AND COMMENDATIONS:

For highest professional conduct and
outstanding performance as Grantee of
the R.J.Reynolds Scholarship Award
given by Mr. Eugene F. McCarthy, Director
of Corporate Security, R. J. Reynolds
Company, Winston-Salem, N.C., U.S.A. 1989

Outstanding Diamond Jubilee Alumna Award
Lyceum of the Philippines, March 29, 2012

Outstanding Alumna Award, Lyceum of the
Philippines, March 4, 2005

Huwarang Pilipino Award for Law and Judiciary
Radyo ng Bayan, 2001

Guillermo B. Guevarra Award as the Most Outstanding
Public Prosecutor from the Foundation for
Judicial Excellence, June 11, 1993

Outstanding RTC Judge in Bulacan
Integrated Bar of the Philippines
Bulacan Chapter, February 14, 2003

BOOKS AND LEGAL ARTICLES WRITTEN:

Judicial and Bar Council: Gatekeeper of the
Judiciary, Lecture Series of the Lasalian
Law and Public Policy, January 28, 2011
De La Salle, Lipa City

Women Judges Upholding Family Rights
PWJA National Convention, March 6, 2009

Co-author, "Bench Book on the Child in the
Criminal Justice System and Child Related Laws"

The Prosecutor's Role in the Handling of Juvenile
Cases in the Philippines"

The Plight of a Public Attorney

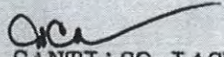
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MEMBERSHIP IN ASSOCIATIONS:

Member, Integrated Bar of the Philippines
Bulacan Chapter

Founding President, Kababaihang Manananggol
ng Bulacan, 2003 - present

Adviser, RTC Judges Association of Bulacan, Inc.
2004 - present


AURORA SANTIAGO LAGMAN

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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	P	A	S	I	G		C	I	T	Y		1	6	0	4				

	M	E	T	R	O		M	A	N	I	L	A							

(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

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Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ESTELA M. PERLAS-BERNABE**, Filipino, of legal age and a resident of No. 6 Columbia St., North East Greenhills, San Juan City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent Director since August 3, 2022.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
BDO Unibank, Inc.	Independent Director	July 31, 2022 – present
Foundation for Liberty and Prosperity	Member of the Board of Trustees	December 6, 2022 - present
For other details, please see attached Annex "A".		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 08 2023 at Pasig City.


ESTELA M. PERLAS-BERNABE
Affiant

SUBSCRIBED AND SWORN to before me this MAR 08 2023 at Pasig City, affiant personally appeared before me and exhibited to me her Passport No. P6843338A issued in DFA Manila and valid until April 18, 2028.

Doc. No. 248 ;
Page No. 51 ;
Book No. VIII ;
Series of 2023.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
PTR No. 0162060; 1/5/2023; Pasig City
MCLE Compliance No. VII-0019349. 5/27/2022

ESTELA M. PERLAS-BERNABE

Senior Associate Justice

Supreme Court of the Philippines (Ret.)

CONTACT	WORK EXPERIENCE	
No. 6 Columbia St., North East Greenhills, San Juan City 0917 893 6161 jestelapb@yahoo.com	2011–2022	Supreme Court of the Philippines <i>17th Associate Justice</i>
	2019–2022	<i>Senior Associate Justice</i> <i>Division Chairperson of the Second Division</i>
	2019	<i>Bar Examinations Chairperson</i>
	2009–2011	Ateneo Law School <i>Professor</i> <i>Practice Court and Evidence</i>
REFERENCES Former Chief Justice Artemio V. Panganiban Manila 0918 935 2135	2004–2011	Court of Appeals <i>Associate Justice</i>
	2000–2004	Regional Trial Court <i>Judge, Makati City, Branch 142</i>
	1996–2000	Metropolitan Trial Court <i>Judge, Makati City, Branch 66</i>
	1993–1996	Bernabe Perlas Morte & Associates <i>Senior Partner</i>
Chief Justice Alexander G. Gesmundo Manila 0949 888 9552	1978–1993	China Banking Corporation <i>Legal Assistant</i>
		Paramount Finance Corporation <i>Senior Manager, Legal Department</i>
		National Home Mortgage Finance Corporation <i>Legal Manager/ Corporate Secretary/ Legal Consultant/ Adviser to the President</i>
	1977–1978	Supreme Court of the Philippines, Office of Court Administrator Lorenzo Relova <i>Technical Assistant</i>
Former Associate Justice Jose Catral Mendoza Manila 0917 815 8301		
Dean Danilo L. Concepcion University of the Philippines – Diliman, Quezon City 0918 914 2677		

ELIGIBILITY

1977	Bar Examinations Passer 85.15% Rating

EDUCATION

1972–1976	Ateneo College of Law, LLB <i>Salutatorian</i>
1968–1972	St. Paul College of Manila BS Commerce Banking and Finance <i>Magna Cum Laude</i>
1964–1968	St. Paul College of Manila <i>4th year, Honorable Mention</i>
1957–1964	St. James Institute <i>Grade 6, Class Salutatorian</i>

AWARDS AND ACHIEVEMENTS

Exemplary Career Jurist Award

Supreme Court of the Philippines, Manila, May 13, 2022

Brief Description: To recognize Justice Estela Perlas-Bernabe's exemplary service in the Judiciary, particularly her impeccable track record in case disposition, the Supreme Court of the Philippines resolved to create an award in her name – "The Senior Associate Justice Estela Perlas-Bernabe Exemplary Career Jurist Award". The first of its kind in the history of the Philippine Judiciary, this award shall be henceforth conferred only to a distinct set of Justices of the Supreme Court who have served the Judiciary in all court levels, particularly from a trial court to a lower collegiate court and finally up to the Supreme Court, and have achieved a zero backlog (or no case pending for resolution) or zero docket upon every promotion to the next-level court until their retirement from the Supreme Court, as what Justice Estela Perlas-Bernabe exceptionally accomplished during the course of her 26-year judicial career.

Judicial Medal of Distinction

Supreme Court of the Philippines, Manila, May 13, 2022

Brief Description: A special award conferred upon retiring Justices of the Supreme Court who excelled in the quintessential duty of efficient case disposition, particularly by leaving no case in his/her docket (zero docket) or no case pending for resolution (zero backlog) upon his/her retirement from the Court.

Statuette of Judicial Excellence

Supreme Court of the Philippines, Manila, May 13, 2022

Jose Abad Santos Award

Supreme Court of the Philippines, Manila, May 13, 2022

Distinguished Alumni Award for the Judiciary

Ateneo de Manila Alumni Association, Inc., Makati City, October 2018

Ulirang Ina Award 2013

National Mother's Day and Father's Day Foundation, Inc., Manila, May 12, 2013

Gawad Dangal ng Lipi

Malolos, Bulacan, September 15, 2012

Gat Marcelo H. Del Pilar Award

Plaridel, Bulacan, December 16, 2011

Huwarang Anak ng Bulakan

Club Bulakeño, November 26, 2011

Award for Upholding the Tradition of Excellence in Legal Scholarship

Ateneo Law Journal, September 10, 2011

Court of Appeals' Award for Outstanding Performance in Case Disposition

February 1, 2011

GAWAD PARANGAL 2008

Outstanding Alumna for Dedicated Service to the Country and People

St. Paul University, Manila

Court of Appeals' Award for Exemplary Performance

February 1, 2007

Certificate of Recognition for Integrity, Selfless Dedication and

Intellectual Probity, Integrated Bar of the Philippines

December 13, 2005

Natatanging Babaeng Hukom

Municipality of Plaridel, Bulacan, March 3, 2003

Best Written Decision

Municipal/Metropolitan Trial Court and Philippine Women Judges Association, March 12, 1999

NOTABLE WORKS

Select Ponencias

Belgica v. Ochoa (G.R. Nos. 208566, 209493, and 209251), November 19, 2013

Brief Description: Declared as unconstitutional the Pork Barrel System

Spark v. Quezon City (G.R. No. 225442), August 8, 2017

Brief Description: Landmark decision on the constitutionality of juvenile curfew ordinances

Garcia v. Drilon (G.R. No. 179267), June 25, 2013

Brief Description: Declared as constitutional Republic Act No. 9262, known as the “Anti-Violence Against Women and Their Children Act of 2004”

W Land Holdings, Inc. v. Starwood Hotels (G.R. No. 222366), December 4, 2017

Brief Description: Landmark decision interpreting the concept use in Intellectual Property Law to interactive websites found on the internet

Carplo-Morales v. Court of Appeals (G.R. Nos. 217126-27), November 10, 2015

Brief Description: Abandoned the condonation doctrine

Abellanosa v. Commission on Audit (G.R. No. 185806), November 17, 2020

Brief Description: Refined the rules on return in disallowances cases

BPI v. Sarabia Manor Hotel Corporation (G.R. No. 175844), July 29, 2013

Brief Description: Refined the applicable principles in corporate rehabilitation

Gonzales v. GJH Land, Inc. (G.R. No. 202664), November 10, 2015

Brief Description: Framed rules relative to Special Commercial Courts and Regular Courts relative to the concepts of jurisdiction and exercise of jurisdiction

Book/s

Perlas-Bernabe: On Law and Justice (A Commentary by Senior Associate Justice Estela M. Perlas-Bernabe on *Select Ponencias*, Opinions, and Procedural Rules)

Brief Description: A compendium of Justice Estela Perlas-Bernabe’s personal annotations on and articulations of select cases and procedural rules which she worked on, either as *ponente*, opinion writer, or committee chairperson, during her eleven (11)-year tenure as Associate Justice of the Supreme Court of the Philippines.

*As Chairperson of the Sub-Committee on Commercial Courts,
spearheaded the creation of the following:*

Financial Rehabilitation Rules of Procedure (2013)

A.M. No. 12-12-11-SC, August 27, 2013

**Financial Liquidation and Suspension of Payments Rules of Procedure
for Insolvent Debtors (2015)**

A.M. No. 15-04-06-SC, April 21, 2015

Rules on Liquidation of Closed Banks

A.M. No. 19-12-02-SC, February 18, 2020

Rule on Cybercrime Warrants

A.M. No. 17-11-03-SC, July 3, 2018

Benchbook for Commercial Courts

May 2022

*As Chairperson of the Committee on Family Courts and Juvenile Concerns,
spearheaded the creation of the following:*

**Internal Rules and Regulations of the Social Aspects of Republic Act No. 8369
or the Family Courts Act of 1997**

A.M. No. 22-04-06-SC, April 19, 2022

Benchbook for Family Courts

May 2022

*As Senior Associate Justice,
spearheaded the creation of the following:*

Re: Promulgation of Cases in the Supreme Court

A.M. No. 21-08-07-SC, March 1, 2022

Further Amendments to Rule 140 of the Rules of Court

A.M. No. 21-08-09-SC, February 15, 2022

MEMBERSHIPS

President

Philippine Women Judges Association, October 10, 2018–May 14, 2022

Philippine Judiciary Golf Club, 2010–2011

Member

International Association of Women Judges (Regional Director 2016-2018)

Integrated Bar of the Philippines, 1977–Present

New York State Bar

Philippine Bar Association

ASEAN Law Association of the Philippines

Philippine Judiciary Golf Club

Chairperson

Sub-Committee on Commercial (and Cybercrime) Courts

Committee on Family Courts and Juvenile Concerns

Committee on Internal Rules of the Supreme Court

Senate Electoral Tribunal

Second Division of the Supreme Court

Co-Chairperson

Committee on the New Supreme Court Complex

Council of the ASEAN Chief Justices (CACJ) Working Group on Cross-Border Disputes
Involving Children

Vice-Chairperson

PHILJA Board of Trustees

Committee on Ethics and Ethical Standards

Consultant/Adviser

Sub-Committee on Admission to the Bar

2020/2021 Bar Examinations

Examiner

2007 Bar Examinations, Mercantile Law

TRAININGS AND SEMINARS

(past five [5] years only)

27th Philippine Women Judges Association (PWJA) Convention-Seminar: “Livin’ La Vida Corona”, PWJA, Video Conferencing, March 7–9, 2022

ASEAN Law Association (ALA) 42nd Governing Council Meeting, ALA, Video Conferencing, November 11, 2021

International Forum on Judicial Cooperation, Supreme People’s Court of the People’s Republic of China, Virtual Conference, October 26–27, 2021

9th Council of ASEAN Justices Meeting, Council of ASEAN Chief Justices (CACJ), Video Conferencing, October 7, 2021

26th PWJA Convention and Seminar: “A Call for PWJA: Resiliency Amidst Pandemic”, PWJA, Video Conferencing, June 2–3, 2021

CACJ 8th Meeting, Family Justice Courts of Singapore, Video Conferencing – Manila, November 5, 2020

Forum on Rule of Law in Internet, Supreme People’s Court of the Republic of China, China, December 5, 2020

2019 Legal Education Summit, UP College of Law/ Asia Foundation, Manila, July 31, 2019–August 1, 2019

International Conference on Constitutional Identity and Universal Values: The Art of Balance, Constitutional Court of the Russian Federation, Russia, May 14, 2019

IX St. Petersburg International Legal Forum, SPBILF, Russia, May 13–17, 2019

Regional Conference of the Asia-Pacific Region of the International Association of Women Judges (IAWJ) and 24th Annual Convention-Seminar of the PWJA, IAWJ/PWJA, Bohol, Philippines, February 27–May 1, 2019

13th ALA General Assembly and ASEAN Law Conference, ALA, Singapore, July 25–28, 2018

International Octopus Conference on Cooperation Against Cybercrime, Council of Europe, Strasbourg, France, July 11–13, 2018

14th Biennial Conference of the IAWJ, IAWJ, Buenos Aires, Argentina, April 30–May 6, 2018

Summit of Women Judges and Prosecutors on Human Trafficking and Organized Crime, Pontifical Academy of Sciences, Vatican City, Rome, Italy, November 7–10, 2017

ASEAN-USPTO Colloquium for the Judiciary on Management of Civil and Criminal IP Appellate Cases, ASEAN-USPTO, Thailand, September 20–22, 2017

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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	A	V	E	N	U	E		C	-	5		R	O	A	D	,			

	B	A	R	A	N	G	A	Y		U	G	O	N	G					

	P	A	S	I	G		C	I	T	Y		1	6	0	4				

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(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier-----
STAMPS-----
Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RICARDO C. MARQUEZ**, Filipino, of legal age and a resident of 14 R. Kangleon St., Phase 4, AFPOVAL, Fort Bonifacio, Taguig City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent director since March 16, 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Petron Corporation	Independent Director	May 2022 - present
Top Frontier Investment Holdings, Inc.	Independent Director	March 2022 - present
Eagle Cement Corporation	Independent Director	February 2017 - present
Public Safety Mutual Benefit Fund, Inc.	Trustee	July 2015 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 06 2024 at Pasig City.


RICARDO C. MARQUEZ
Affiant

SUBSCRIBED AND SWORN to before me this MAR 06 2024 at Pasig City,
affiant personally appeared before me and exhibited to me his Passport No. P8150038B
issued at DFA Manila and valid until November 11, 2031.

Doc. No. 262
Page No. 54
Book No. X
Series of 2024.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
PTR No. 1650269; 1/4/2024; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022



RICARDO C. MARQUEZ

Mobile phone: +63-917-834-8438

E-mail: rcm582@yahoo.com

General Ric, 63, was elected as Independent Director of Petron Corporation in May 2022; of Top Frontier Investment Holdings, Inc. in March 2022; of San Miguel Food and Beverage, Inc. in March 2017; and of Eagle Cement Corporation in February 2017. General Ric is likewise a member of the Board of Trustees of the Public Safety Mutual Benefit Fund, Inc. beginning July 2015, after serving as its Chairman from July 2015 to June 2016.

He served the Philippine National Police (PNP) in various capacities before he became the PNP Chief in July 2015. During his term, he elevated the performance of the PNP to new heights and increased its trust rating through the implementation of relevant systems and programs that significantly reduced the country's national index crime volume and improved the PNP's crime solution efficiency through his pioneer projects: *B2B: PNP or Back to Basics*; *Patrulya ng Pamayanan*; *Oplan Lambat Sibit*; and *One-Time Big-Time Operations against the illegal drug trade*.

He likewise successfully planned and successfully managed the security operations for the 2016 National and Local Elections, the 2015 year-long Asia Pacific Economic Cooperation (APEC) Meetings and its culminating activity, the Economic Leaders' Meeting, and the 2015 State and Apostolic Visit of Pope Francis, among others, for which he was awarded twice the Philippine Legion of Honor by the President of the Philippines, and feted by his alma mater with her highest award, the Cavalier Award as Most Outstanding Alumnus in Special Operations. His illustrious career and experience equipped him with the expertise in contingency planning/enterprise risk management, making him the suitable Chairman for the Risk Oversight Committees of San Miguel Food and Beverage, Inc. and Eagle Cement Corporation.

He completed the Senior Leadman Course of the University of the Philippines Open University; the Leaders in Development Executive Program of the Harvard Kennedy School; the Strategic Business Economics Program of the University of Asia and the Pacific; the 224th Session of the Federal Bureau of Investigation National Academy; and the Senior Crisis Management Course of the ATA, Department of Homeland Security in Washington, D.C. He holds a Bachelor of Science degree from the Philippine Military Academy and a Master in Management degree from the Philippine Christian University.

He is happily married to Luz, a retired nurse from New York, a businesswoman, and a homemaker. They have three daughters: Gwen, a Metropolitan Trial Court Judge, and the mother of his two granddaughters – Amanda and Cassandra; Fae, a Certified Public accountant who is the Corporate Planning Manager of the Energy Development Corporation, and the mother of the first boy in the Marquez household – Ramon; and Erika, a third year resident doctor at the Department of Surgery of the Manila Doctors Hospital.

COVER SHEET

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S. E. C. Registration Number

	S	A	N		M	I	G	U	E	L		F	O	O	D		A	N	D

	B	E	V	E	R	A	G	E	,		I	N	C	.					

(Company's Full Name)

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	A	V	E	N	U	E		C	-	5		R	O	A	D	,			

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	P	A	S	I	G		C	I	T	Y		1	6	0	4				

	M	E	T	R	O		M	A	N	I	L	A							

(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier-----
STAMPS-----
Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CIRILO P. NOEL**, Filipino, of legal age and a resident of **817 Gamao St., Ayala Alabang, Muntinlupa City**, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent Director since September 12, 2018.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Please see attached Annex "A".		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 12 2024 at Pasig City.


CIRILO P. NOEL
Affiant

SUBSCRIBED AND SWORN to before me this MAR 12 2024 at Pasig City,
affiant personally appeared before me and exhibited to me his Passport No. P5718000A
issued on January 22, 2018 at DFA NCR South and valid until January 21, 2028.


Doc. No. 281 ;
Page No. 58 ;
Book No. X ;
Series of 2024.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
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MCLE Compliance No. VII-0019349, 5/27/2022



CIRILO (Vic) P. NOEL, 67, Filipino, is a lawyer and a certified public accountant (CPA). He is the interim Chairman of PLC - Security Bank Corporation since May 2023; a member of the Board of Directors since April 2018 and appointed as Vice Chairman in April 2020. He is likewise the Chairman of Palm Concepcion Power Corporation (since June 2018), Juxtapose Ergo Consultus, Inc. (since May 2019), and Confiar Land Corp (since September 2021).

He is also a member of the Board of Directors of PLC-Globe Telecom, Inc. (since April 2018), PLC-San Miguel Foods and Beverage, Inc. (since September 2018), PLC-Robinsons Retail Holdings (since August 2020), PLC-First Philippine Holdings Corporation (since May 2021), Eton Properties, Inc. (since April 2019), Transnational Diversified Group Holdings (since August 2019), Amber Kinetics Holdings Co., PTE Ltd. (since March 2018), and LH Paragon Group, Golden ABC (since January 2018).

He is a member of the Board of Trustees of St. Luke's Medical Center Quezon City (since August 2017) and St. Luke's Medical Center College of Medicine (since September 2018). He sits as a board member of St. Luke's Medical Center- Global City (since August 2017) and St. Luke's Foundation, Inc. (since August 2018).

He is currently affiliated with the Makati Business Club, Harvard Law School Association of the Philippines, and Harvard Club of the Philippines.

He was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019), PLC-PAL Holdings, Inc. (from 2018 to 2019), and PLC-JG Summit Holdings (from 2018 – 2021).

He was recognized as the Outstanding Professional of the Year in 2019 in the field of Accountancy by Professional Regulations Commission for his distinguished contributions to the fields of accountancy, tax, and law. He was also awarded as one of the 75 Most Outstanding UE Alumni by the University of the East in 2021. In March 2023, he was presented the Accountancy Centenary Award of Excellence by the Professional Regulatory Board of Accountancy for being one of the notable CPAs in the country.

He held various positions in SGV & Co., including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2010), Vice Chairman & Deputy Managing Director (from 2004 to 2009), Head of Tax Division (from 2001 to 2008) and Partner, Tax Services (from 1993 to 2017).

For two terms, he was an E&Y Global Advisory Council member. He was also Ernst & Young (EY) ASEAN Tax Head and Far East Area Tax Leader from 2004 to 2009 and the Presiding Partner of E&Y Asia Pacific Council.

He graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws from the Ateneo Law School. He took Master of Laws at Harvard Law School. He is a Harvard International Tax Program fellow and attended the Asian Institute of Management's Management Development Program.

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier-----
STAMPS-----
Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **AURORA S. LAGMAN**, Filipino, of legal age and a resident of 38 Samar Avenue, South Triangle, Quezon City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent director since March 9, 2022.
2. I am affiliated with the following companies or organizations:

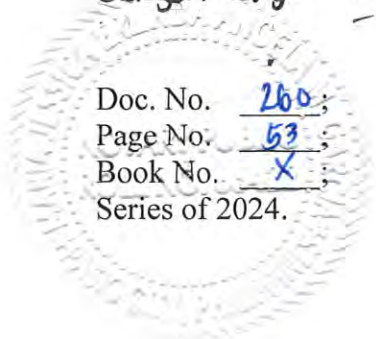
COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Please see attached Annex "A".		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MAR 06 2024 at Pasig City.


AURORA S. LAGMAN
Affiant

SUBSCRIBED AND SWORN to before me this MAR 06 2024 at Pasig City, affiant personally appeared before me and exhibited to me her Senior Citizen No. 099418 issued in Quezon City. ✓


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Page No. 53;
Book No. X;
Series of 2024.


MARIA JESSICA ERLINDA ANGELA M. GARCIA,
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
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PTR No. 1650269; 1/4/2024; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022

CURRICULUM VITAE
AURORA SANTIAGO LAGMAN

ANNEX "A"

PERSONAL:

Date & Place of Birth February 20, 1939
Obando, Bulacan
Civil Status Married to Roberto M. Lagman
Address 38 Samar Avenue, South
Triangle, Quezon City
Telephone Res.: 926-64-32; 926-35-22
Mobile No. 920-964-1848
Email: auroralagman11@gmail.com
aurora.lagman@icloud.com

EDUCATION:

Bachelor of Laws, Lyceum of the Philippines, 1977
Passed the Bar Examinations in the same year with
a rating of 81.27%

Program of Instruction for Lawyers, Harvard Law
School, Cambridge, Massachusetts, U.S.A.
June 1997

Special Course on Evidence, National Judicial
College, University of Nevada, Reno, U.S.A.
May 1997

Juvenile Justice Administration, Delinquency
Control Institute, University of Southern
California, U.S.A. January-February 1989

WORK EXPERIENCE:

Member, Board of Directors
Ginebra San Miguel Inc.
March 2017 - present

Member, Judicial and Bar Council
October 13, 2008 - July 9, 2016

Associate Justice, Court of Appeals
February 4, 2004 - January 15, 2008
(optional retirement)

Judge, Regional Trial Court, Malolos, Bulacan
May 11, 1994 - February 3, 2004

C/

Senior State Prosecutor, Department of Justice
July 2, 1990 - May 10, 1994

State Prosecutor II, Department of Justice
January 29, 1987 - July 1, 1990

District Citizens Attorney (District Head)
Citizens Legal Assistance Office (now Public
Attorneys Office) Department of Justice
February 14, 1984 - January 28, 1987

Citizens Attorney, Citizens Legal Assistance
Office, Department of Justice
May 1, 1979 - February 13, 1984

Senior Research Attorney, Citizens Legal
Assistance Office, Department of Justice
August 1, 1978 - April 30, 1979

Professor, College of Law
Bulacan State University
2016 - present (on leave since 2020 up to present)

OTHER WORK EXPERIENCE:

Chairman, Task Force on Revenue Cases
Department of Justice, June 1990 - March 1994

Chairman, Task Force on Public Utilities
Department of Justice, 1987 - March 1994

Chairman, Task Force on Passport Irregularities
Department of Justice, November 1989 - July 1990

Chairman, Legal Protection and Welfare Sector
Council for the Welfare of Children
1987 - March 1994

RELEVANT SEMINARS ATTENDED:

Seminar on Corporate Governance: Board Effective-
ness and Best Practices, Center for Global
Best Practices, November 10, 2017

Trainers' Training Program under the Anti-Money
Laundering Project of the Central Bank of the
Philippines and the European Union
November 2006 - March 2007

C

U.S. Alternate Dispute Resolution Methods
conducted by the U.S. National Judicial
College, Hyatt Regency Hotel, Pasay City
October 1, 1994

AWARDS AND COMMENDATIONS:

For highest professional conduct and
outstanding performance as Grantee of
the R.J.Reynolds Scholarship Award
given by Mr. Eugene F. McCarthy, Director
of Corporate Security, R. J. Reynolds
Company, Winston-Salem, N.C., U.S.A. 1989

Outstanding Diamond Jubilee Alumna Award
Lyceum of the Philippines, March 29, 2012

Outstanding Alumna Award, Lyceum of the
Philippines, March 4, 2005

Huwarang Pilipino Award for Law and Judiciary
Radyo ng Bayan, 2001

Guillermo B. Guevarra Award as the Most Outstanding
Public Prosecutor from the Foundation for
Judicial Excellence, June 11, 1993

Outstanding RTC Judge in Bulacan
Integrated Bar of the Philippines
Bulacan Chapter, February 14, 2003

BOOKS AND LEGAL ARTICLES WRITTEN:

Judicial and Bar Council: Gatekeeper of the
Judiciary, Lecture Series of the Lasalian
Law and Public Policy, January 28, 2011
De La Salle, Lipa City

Women Judges Upholding Family Rights
PWJA National Convention, March 6, 2009

Co-author, "Bench Book on the Child in the
Criminal Justice System and Child Related Laws"

The Prosecutor's Role in the Handling of Juvenile
Cases in the Philippines"

The Plight of a Public Attorney

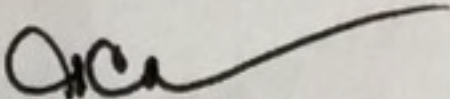
C

MEMBERSHIP IN ASSOCIATIONS:

Member, Integrated Bar of the Philippines
Bulacan Chapter

Founding President, Kababaihang Manananggol
ng Bulacan, 2003 - present

Adviser, RTC Judges Association of Bulacan, Inc.
2004 - present


AURORA SANTIAGO LAGMAN

COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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	M	E	T	R	O		M	A	N	I	L	A							

(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

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Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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Document I. D.

Cashier

STAMPS

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CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ESTELA M. PERLAS-BERNABE**, Filipino, of legal age and a resident of No. 6 Columbia St., North East Greenhills, San Juan City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and have been its Independent Director since August 3, 2022.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
1. BDO Unibank, Inc.	Independent Director	July 31, 2022 – present
2. Foundation for Liberty and Prosperity	Member of the Board of Trustees	December 6, 2022 – present
3. Petrogen Insurance	Independent Director	March 23, 2023 - present
4. Converge Information and Communications Technology Solutions, Inc.	Independent Director	May 26, 2023 - present
5. PHILJA Development Center Inc.	Independent Director	November 13, 2023 - present
For other details, please see attached Annex “A”.		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/officer/substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this MARCH 6, 2024 at Pasig City.


ESTELA M. PERLAS-BERNABE
Affiant

SUBSCRIBED AND SWORN to before me this **MAR 06 2024** at Pasig City, affiant personally appeared before me and exhibited to me her Passport No. P6843338A issued in DFA Manila and valid until April 18, 2028.

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Page No. 54
Book No. X
Series of 2024.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
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PTR No. 1650269; 1/4/2024; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022

ESTELA M. PERLAS-BERNABE

Senior Associate Justice

Supreme Court of the Philippines (Ret.)

CONTACT	WORK EXPERIENCE	
No. 6 Columbia St., North East Greenhills, San Juan City 0917 893 6161 jestelapb@yahoo.com	2011–2022	Supreme Court of the Philippines <i>171st Associate Justice</i>
	2019–2022	<i>Senior Associate Justice</i> <i>Division Chairperson of the Second Division</i>
	2019	<i>Bar Examinations Chairperson</i>
	2009–2011	Ateneo Law School <i>Professor</i> <i>Practice Court and Evidence</i>
REFERENCES		
Former Chief Justice Artemio V. Panganiban Manila 0918 935 2135	2004–2011	Court of Appeals <i>Associate Justice</i>
	2000–2004	Regional Trial Court <i>Judge, Makati City, Branch 142</i>
Chief Justice Alexander G. Gesmundo Manila 0949 888 9552	1996–2000	Metropolitan Trial Court <i>Judge, Makati City, Branch 66</i>
	1993–1996	Bernabe Perlas Morte & Associates <i>Senior Partner</i>
Former Associate Justice Jose Catral Mendoza Manila 0917 815 8301	1978–1993	China Banking Corporation <i>Legal Assistant</i>
		Paramount Finance Corporation <i>Senior Manager, Legal Department</i>
Dean Danilo L. Concepcion University of the Philippines – Diliman, Quezon City 0918 914 2677		National Home Mortgage Finance Corporation <i>Legal Manager/ Corporate Secretary/ Legal Consultant/ Adviser to the President</i>
	1977–1978	Supreme Court of the Philippines, Office of Court Administrator Lorenzo Relova <i>Technical Assistant</i>

ELIGIBILITY

1977	Bar Examinations Passer 85.15% Rating

EDUCATION

1972–1976	Ateneo College of Law, LLB <i>Salutatorian</i>
1968–1972	St. Paul College of Manila BS Commerce Banking and Finance <i>Magna Cum Laude</i>
1964–1968	St. Paul College of Manila <i>4th year, Honorable Mention</i>
1957–1964	St. James Institute <i>Grade 6, Class Salutatorian</i>

AWARDS AND ACHIEVEMENTS

Exemplary Career Jurist Award

Supreme Court of the Philippines, Manila, May 13, 2022

Brief Description: To recognize Justice Estela Perlas-Bernabe's exemplary service in the Judiciary, particularly her impeccable track record in case disposition, the Supreme Court of the Philippines resolved to create an award in her name – "The Senior Associate Justice Estela Perlas-Bernabe Exemplary Career Jurist Award". The first of its kind in the history of the Philippine Judiciary, this award shall be henceforth conferred only to a distinct set of Justices of the Supreme Court who have served the Judiciary in all court levels, particularly from a trial court to a lower collegiate court and finally up to the Supreme Court, and have achieved a zero backlog (or no case pending for resolution) or zero docket upon every promotion to the next-level court until their retirement from the Supreme Court, as what Justice Estela Perlas-Bernabe exceptionally accomplished during the course of her 26-year judicial career.

Judicial Medal of Distinction

Supreme Court of the Philippines, Manila, May 13, 2022

Brief Description: A special award conferred upon retiring Justices of the Supreme Court who excelled in the quintessential duty of efficient case disposition, particularly by leaving no case in his/her docket (zero docket) or no case pending for resolution (zero backlog) upon his/her retirement from the Court.

Statuette of Judicial Excellence

Supreme Court of the Philippines, Manila, May 13, 2022

Jose Abad Santos Award

Supreme Court of the Philippines, Manila, May 13, 2022

Distinguished Alumni Award for the Judiciary

Ateneo de Manila Alumni Association, Inc., Makati City, October 2018

Ulrang Ina Award 2013

National Mother's Day and Father's Day Foundation, Inc., Manila, May 12, 2013

Gawad Dangal ng Lipi

Malolos, Bulacan, September 15, 2012

Gat Marcelo H. Del Pilar Award

Plaridel, Bulacan, December 16, 2011

Huwarang Anak ng Bulakan

Club Bulakeño, November 26, 2011

Award for Upholding the Tradition of Excellence in Legal Scholarship

Ateneo Law Journal, September 10, 2011

Court of Appeals' Award for Outstanding Performance in Case Disposition

February 1, 2011

GAWAD PARANGAL 2008

Outstanding Alumna for Dedicated Service to the Country and People

St. Paul University, Manila

Court of Appeals' Award for Exemplary Performance

February 1, 2007

Certificate of Recognition for Integrity, Selfless Dedication and Intellectual Probity, Integrated Bar of the Philippines

December 13, 2005

Natatanging Babaeng Hukom

Municipality of Plaridel, Bulacan, March 3, 2003

Best Written Decision

Municipal/Metropolitan Trial Court and Philippine Women Judges Association, March 12, 1999

NOTABLE WORKS

Select Ponencias

Belgica v. Ochoa (G.R. Nos. 208566, 209493, and 209251), November 19, 2013

Brief Description: Declared as unconstitutional the Pork Barrel System

Spark v. Quezon City (G.R. No. 225442), August 8, 2017

Brief Description: Landmark decision on the constitutionality of juvenile curfew ordinances

Garcia v. Drilon (G.R. No. 179267), June 25, 2013

Brief Description: Declared as constitutional Republic Act No. 9262, known as the “Anti-Violence Against Women and Their Children Act of 2004”

W Land Holdings, Inc. v. Starwood Hotels (G.R. No. 222366), December 4, 2017

Brief Description: Landmark decision interpreting the concept use in Intellectual Property Law to interactive websites found on the internet

Carpio-Morales v. Court of Appeals (G.R. Nos. 217126-27), November 10, 2015

Brief Description: Abandoned the condonation doctrine

Abellanosa v. Commission on Audit (G.R. No. 185806), November 17, 2020

Brief Description: Refined the rules on return in disallowances cases

BPI v. Sarabia Manor Hotel Corporation (G.R. No. 175844), July 29, 2013

Brief Description: Refined the applicable principles in corporate rehabilitation

Gonzales v. GJH Land, Inc. (G.R. No. 202664), November 10, 2015

Brief Description: Framed rules relative to Special Commercial Courts and Regular Courts relative to the concepts of jurisdiction and exercise of jurisdiction

Book/s

Perlas-Bernabe: On Law and Justice (A Commentary by Senior Associate Justice Estela M. Perlas-Bernabe on Select *Ponencias*, Opinions, and Procedural Rules)

Brief Description: A compendium of Justice Estela Perlas-Bernabe’s personal annotations on and articulations of select cases and procedural rules which she worked on, either as *ponente*, opinion writer, or committee chairperson, during her eleven (11)-year tenure as Associate Justice of the Supreme Court of the Philippines.

*As Chairperson of the Sub-Committee on Commercial Courts,
spearheaded the creation of the following:*

Financial Rehabilitation Rules of Procedure (2013)

A.M. No. 12-12-11-SC, August 27, 2013

**Financial Liquidation and Suspension of Payments Rules of Procedure
for Insolvent Debtors (2015)**

A.M. No. 15-04-06-SC, April 21, 2015

Rules on Liquidation of Closed Banks

A.M. No. 19-12-02-SC, February 18, 2020

Rule on Cybercrime Warrants

A.M. No. 17-11-03-SC, July 3, 2018

Benchbook for Commercial Courts

May 2022

*As Chairperson of the Committee on Family Courts and Juvenile Concerns,
spearheaded the creation of the following:*

**Internal Rules and Regulations of the Social Aspects of Republic Act No. 8369
or the Family Courts Act of 1997**

A.M. No. 22-04-06-SC, April 19, 2022

Benchbook for Family Courts

May 2022

*As Senior Associate Justice,
spearheaded the creation of the following:*

Re: Promulgation of Cases in the Supreme Court

A.M. No. 21-08-07-SC, March 1, 2022

Further Amendments to Rule 140 of the Rules of Court

A.M. No. 21-08-09-SC, February 15, 2022

MEMBERSHIPS

President

Philippine Women Judges Association, October 10, 2018–May 14, 2022

Philippine Judiciary Golf Club, 2010–2011

Member

International Association of Women Judges (Regional Director 2016-2018)

Integrated Bar of the Philippines, 1977–Present

New York State Bar

Philippine Bar Association

ASEAN Law Association of the Philippines

Philippine Judiciary Golf Club

Chairperson

Sub-Committee on Commercial (and Cybercrime) Courts

Committee on Family Courts and Juvenile Concerns

Committee on Internal Rules of the Supreme Court
Senate Electoral Tribunal

Second Division of the Supreme Court

Co-Chairperson

Committee on the New Supreme Court Complex

Council of the ASEAN Chief Justices (CACJ) Working Group on Cross-Border Disputes
Involving Children

Vice-Chairperson

PHILJA Board of Trustees

Committee on Ethics and Ethical Standards

Consultant/Adviser

Sub-Committee on Admission to the Bar

2020/2021 Bar Examinations

Examiner

2007 Bar Examinations, Mercantile Law

TRAININGS AND SEMINARS

(past five [5] years only)

27th Philippine Women Judges Association (PWJA) Convention-Seminar: “Livin’ La Vida Corona”, PWJA, Video Conferencing, March 7–9, 2022

ASEAN Law Association (ALA) 42nd Governing Council Meeting, ALA, Video Conferencing, November 11, 2021

International Forum on Judicial Cooperation, Supreme People’s Court of the People’s Republic of China, Virtual Conference, October 26–27, 2021

9th Council of ASEAN Justices Meeting, Council of ASEAN Chief Justices (CACJ), Video Conferencing, October 7, 2021

26th PWJA Convention and Seminar: “A Call for PWJA: Resiliency Amidst Pandemic”, PWJA, Video Conferencing, June 2–3, 2021

CACJ 8th Meeting, Family Justice Courts of Singapore, Video Conferencing – Manila, November 5, 2020

Forum on Rule of Law in Internet, Supreme People’s Court of the Republic of China, China, December 5, 2020

2019 Legal Education Summit, UP College of Law/ Asia Foundation, Manila, July 31, 2019–August 1, 2019

International Conference on Constitutional Identity and Universal Values: The Art of Balance, Constitutional Court of the Russian Federation, Russia, May 14, 2019

IX St. Petersburg International Legal Forum, SPBILF, Russia, May 13–17, 2019

Regional Conference of the Asia-Pacific Region of the International Association of Women Judges (IAWJ) and 24th Annual Convention-Seminar of the PWJA, IAWJ/PWJA, Bohol, Philippines, February 27–May 1, 2019

13th ALA General Assembly and ASEAN Law Conference, ALA, Singapore, July 25–28, 2018

International Octopus Conference on Cooperation Against Cybercrime, Council of Europe, Strasbourg, France, July 11–13, 2018

14th Biennial Conference of the IAWJ, IAWJ, Buenos Aires, Argentina, April 30–May 6, 2018

Summit of Women Judges and Prosecutors on Human Trafficking and Organized Crime, Pontifical Academy of Sciences, Vatican City, Rome, Italy, November 7–10, 2017

ASEAN-USPTO Colloquium for the Judiciary on Management of Civil and Criminal IP Appellate Cases, ASEAN-USPTO, Thailand, September 20–22, 2017

TRAININGS AND SEMINARS IN THE PRIVATE SECTOR

AMLC Registration and Reporting Guidelines (ARRG) Course, September 13, 2023

2022 Annual Corporate Governance Seminar on Geopolitical Risks and Sustainability, July 20, 2022

2023 Annual Corporate Governance Seminar on Global Trends in Banking: Business and Technology and Generative Artificial Intelligence, August 2, 2023

INDEPENDENT DIRECTORSHIPS

BDO Unibank Inc.	: July 31, 2022 to present
San Miguel Food and Beverage, Inc.	: August 3, 2022 to present
Petrogen Insurance	: March 23, 2023 to present
Converge ICT Solutions, Inc.	: May 26, 2023 to present

TRUSTEESHIPS

Foundation for Liberty and Prosperity	: December 6, 2023 to present
Philippine Judicial Academy (PHILJA) Development Center Inc.	: November 13, 2023 to present

COVER SHEET

	1	1	8	4	0				

S. E. C. Registration Number

	S	A	N		M	I	G	U	E	L		F	O	O	D		A	N	D

	B	E	V	E	R	A	G	E	,		I	N	C	.					

(Company's Full Name)

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	B	A	R	A	N	G	A	Y		U	G	O	N	G					

	P	A	S	I	G		C	I	T	Y		1	6	0	4				

	M	E	T	R		M	A	N	I	L	A								

(Business Address: No. Street City/Town/Province)

ALEXANDRA B. TRILLANA

Contact Person

(632) 5317-5450

Company Telephone Number

Month

Day

CERTIFICATION OF
INDEPENDENT DIRECTOR

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANTONIO S. ABACAN, JR.**, Filipino, of legal age and a resident of **316 Madrigal Avenue, Ayala Alabang Village, Muntinlupa City**, after having duly sworn in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **San Miguel Food and Beverage, Inc.** and if elected at the Annual Stockholders' Meeting on June 5, 2024 will be its independent director effective June 5, 2024.
2. I am affiliated with the following companies or organizations:

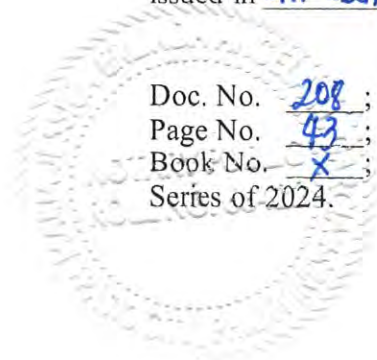
COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
	NONE	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **San Miguel Food and Beverage, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission (SEC).
4. I am not related to any director/ officer/ substantial shareholder of **San Miguel Food and Beverage, Inc.** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **San Miguel Food and Beverage, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done this 8/26/24 at Pasig City.


ANTONIO S. ABACAN, JR.
Affiant

SUBSCRIBED AND SWORN to before me this **FEB 26 2024** at Pasig City, affiant personally appeared before me and exhibited to me his Passport No. P9604386A, issued in DA Manila and valid until 18 Nov 28.


Doc. No. 208 ;
Page No. 43 ;
Book No. X ;
Series of 2024.


MARIA JESSICA ERLINDA ANGELA M. GARCIA
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 46 (2023-2024)/Roll No. 66422
IBP Life Member No. 015084; 6/6/2016, Quezon City
PTR No. 1650269; 1/4/2024; Pasig City
MCLE Compliance No. VII-0019349, 5/27/2022

CURRICULUM VITAE

DR. ANTONIO S. ABACAN, JR.

316 Madrigal Avenue
Ayala Alabang Village
Muntinlupa City
Tel. No. 0917-577-0121

Email: tonyabacan0121@yahoo.com ; abacanas@bsp.gov.ph



RECENT POSITION

Monetary Board Member
(July 3, 2017-July 2, 2023)

Bangko Sentral ng Pilipinas

PREVIOUS POSITIONS

Group Vice Chairman
Senior Adviser
Senior Adviser
Chairman of the Board
Chairman of the Board
Chairman of the Board / President

Chairman of the Board
Chairman of the Board
Director
Adviser
Adviser
Honorary Chairman
Director
Adviser
Chairman of the Board
Vice Chairman/Executive Director
Vice Chairman/ Director
Director
Director
Director
Director
Director
Director
Director
Director
Director/ Secretary and Treasurer
Chairman, Advisory Board
Member, Board of Trustee
Adviser
Director/ Corporate Secretary

Metrobank Group of Companies
Metropolitan Bank & Trust Company
First Metro Investment Corporation
Toyota Financial Services, (Phils.) Inc.
Sumisho Motor Finance Corporation
Manila Medical Services, Inc.
(Manila Doctors Hospital)
Manila Tytana Colleges
Circa 2000 Homes, Inc.
Vivant Corporation
Federal Land, Inc.
Toyota Manila Bay Corporation Group
Orix Metro Leasing and Finance Corporation
Taal Land, Inc.
GT Capital Holdings, Inc.
Manila – GT Medical Center
Global Business Power Corporation
Panay Energy Development Corporation
Cebu Energy Development Corporation
Panay Power Corporation
Panay Power Holdings, Corporation
ARB Power Ventures, Inc.
GBH Power Resources, Inc.
Global Formosa Power Holdings, Inc.
Global Energy Supply Corporation
Cebu Holdings, Inc.
LGU Guarantee Corporation
Metropolitan Bank & Trust Company
Manila Tytana Colleges
First Metro Investment Corporation
Bankers Association of the Philippines

Director for Banking, Finance, Taxation
& Capital Market Development

Chairman of the Board

Chairman of the Board

Chairman of the Board

Chairman of the Board

Chairman of the Board

President

Vice Chairman

Honorary Vice Chairman

Vice Chairman

President

President / Director

Member, Advisory Board

President /Director

President

Chairman of the Board

President

First Vice President /Director

Director

Philippine Chamber of Commerce & Industry
(PCCI)

Metropolitan Bank and Trust Company

First Metro Investment Corporation

Federal Homes, Inc.

Baywatch Realty Corporation

Baywatch Project Management Corp

GT Capital Holdings, Inc.

Global Business Holdings, Inc.

First Metro Travel Inc.

First Metro International Investment

Corporation (Hongkong)

Metropolitan Bank & Trust Company

Philippine Savings Bank

Philippine Savings Bank

Metrobank Card Corporation

Data Serv Corporation

Philippine Charter Insurance

Savings Bankers Association of the Phils.

Chamber of Thrift Banks

Jardine Land Inc.

AFFILIATIONS

Trustee / Treasurer

Director for Banking, Finance and Taxation

Governor

President

Member

Senior Adviser

Member, Board of Trustees

Member, Board of Trustees

Member, Board of Trustees

Member

Philippine Business Center

Philippine Chamber of Commerce &
Industry

Makati Commercial Estate Association
(MACEA)

DARE Philippines Association Inc.

Management Association of the Philippines
(MAP)

Metrobank Foundation / Chairman,
Donation / Executive Committee

GT Metro Foundation

Piso for Unity, Peace and Progress
Foundation

Evangelion Foundation

Stanford University Alumni Association

CLUB MEMBERSHIP

Alabang Golf & Country Club

Splendido Golf and Country Club

HONORS RECEIVED

Outstanding Alumnus for the Year 1987
Mapua Institute of Technology

Most Outstanding Alumnus for the Year 1988
Meycauayan College

Ulirang Ama awardee 1998
National Father's Day & Mother's Day Foundation

Communications & Leadership Awardee
Toastmasters International 1999

Dangal ng Lipi Awards 1999
Outstanding Bulakeño

International Association of Business Communicators
(IABC) CEO Excel Awardee – November 2006

Outstanding Alumnus 2007
Far Eastern University

The Outstanding Filipino award (TOFIL)
Philippine Jaycee Senate
December 2008

Huwarang Anak ng Bulacan
Outstanding Bulakeño Achievers
Club Bulakeño, Inc.
November 2011

TRAININGS / SEMINARS

Finance, Marketing and Trust Operations

Crocker Citizen National Bank
San Francisco U.S.A.

Irving Trust Company
Bankers Trust Company
New York U.S.A.

EDUCATION

Doctor of Business Administration (Honoris Causa)
Philippine Women's University

Graduate School
Executive Program, Graduate School of Business
Stanford University, Stanford, California, U.S.A.

College
Bachelor of Science in Business Administration
Major in Banking & Finance at
Mapua Institute of Technology

Major in Accounting
at Far Eastern University

PERSONAL INFORMATION

Place and Date of Birth: January 21, 1943, Paracale Camarines Norte

Religion: Roman Catholic

Parents: Antonio L. Abacan, Sr. and Gabina T. Santiago
Both are from Meycauayan City Province of Bulacan

Married to Mary Jane Roxas Abacan, with whom he has three children namely:

Jose Mari, First Vice President of GMA Network;

Jeffrey, First Vice President of Banco de Oro and;

Mary Ann, Doctor of Medicine (Pediatric Geneticist / Metabolic)
Philippine General Hospital, Manila Doctors Hospital.



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No: 02-5322-7696 Email US: www.sec.gov.ph messages@sec.gov.ph



The following document has been received:

Receiving: Jojit Licudine

Receipt Date and Time: April 15, 2024 06:24:59 PM

Company Information

SEC Registration No.: 0000011840

Company Name: SAN MIGUEL FOOD AND BEVERAGE, INC.

Industry Classification: D15000

Company Type: Stock Corporation

Document Information

Document ID: OST10415202482201278

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021**

With Independent Auditors' Report



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of San Miguel Food and Beverage, Inc. (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

R.G. Manabat & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

A blue ink signature of Ramon S. Ang, consisting of a large, stylized 'R' followed by a horizontal line.

RAMON S. ANG
Vice Chairman of the Board, President
and Chief Executive Officer

A blue ink signature of Ferdinand K. Constantino, consisting of a horizontal line with a small upward curve at the end.

FERDINAND K. CONSTANTINO
Treasurer

A blue ink signature of Ildefonso B. Alindogan, consisting of a stylized 'I' followed by a series of loops and a horizontal line.

ILDEFONSO B. ALINDOGAN
Vice-President and Chief Finance Officer

Signed this 6th day of March 2024

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

Before me, a Notary Public for and in PASIG CITY City this MAR 19 2024
day of _____ 2024, personally appeared:

<u>Name</u>	<u>Passport No.</u>	<u>Expiry Date/Place Issued</u>
Ramon S. Ang	P2247867B	May 21, 2029 / Manila
Ferdinand K. Constantino	P6892447B	June 1, 2031/DFA NCR East
Ildefonso B. Alindogan	P6935095B	June 6, 2031/ Manila

Known to me to be the same persons who executed the foregoing Statement of Management's Responsibility consisting of two (2) pages including this page on which this acknowledgement is written and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

In WITNESS WHEREOF, I have affixed my notarial seal at the date and place first above written.

Doc. No. 508 ;
Page No. 103 ;
Book No. X4111 ;
Series of 2024

MA. CELESTE J. LEGASPI
Notary Public for Pasig City
Commission until 31 December 2024
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City 1604
APPT No. 17 (2023-2024)/Roll No. 47611
IBP No. 402827; 1/5/2024; RSM
PTR No. 1650270; 1/4/2024; Pasig City
MCLE Compliance No. VII-0019519; 5/30/2022



R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
100 E. Rodriguez Jr. Avenue (C5 Road)
Barangay Ugong, Pasig City

Opinion

We have audited the consolidated financial statements of San Miguel Food and Beverage, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment Testing of Trademarks and Brand Names (P37,030 million)

Refer to Note 16 to the consolidated financial statements.

The risk

The Group has assessed that the trademarks and brand names have indefinite useful lives considering that there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group. Trademarks and brand names represent 10% of the consolidated total assets of the Group. As required by Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, impairment testing is required annually for intangible assets with indefinite useful lives, irrespective of whether there is an indication that the related assets may be impaired.

We focused on this area because of the subjectivity and complexity of determining the recoverable amounts which involve significant estimation uncertainty. As a result, we assessed that the impairment testing is a key audit matter.

Our response

Our audit work over the valuation of trademarks and brand names included the following:

- We evaluated and assessed the methodology applied in the impairment review in accordance with PAS 36.
- We have updated our understanding of the management's annual impairment process.
- With the involvement of our internal valuation specialist, we tested the principles and reasonableness of the discounted cash flows used in the impairment model through review of management's forecast against historical actual results. We challenged the Group's key assumptions used in the cash flow projections through benchmarking with externally derived data such as projected economic and industry growth rates, cost of inflation and recalculation of Group's weighted average cost of capital using market comparable information. We performed sensitivity analysis for the assumptions used.
- We have also assessed the appropriateness and adequacy of the Group's disclosures, including the sensitivity of the outcome of the impairment assessment to changes in key assumptions used in the valuation of Trademarks and Brandnames.



Revenue Recognition (P379,822 million)

Refer to Notes 6, 22 and 30 to the consolidated financial statements.

The risk

Revenue is an important measure used to evaluate the performance of the Group and is generated from various sources. It is accounted for when control of the goods or services is transferred to the customer over time or at a point in time, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. While revenue recognition and measurement are not complex for the Group, revenues may be inappropriately recognized in order to improve business results and achieve revenue growth in line with the objectives of the Group, thus increasing the risk of material misstatement from recording of fictitious sales or recording of sales made in the subsequent accounting period.

Our response

We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, *Revenue from Contracts with Customers*.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We involved our information technology specific team members, as applicable, to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.
- Where applicable, using Data and Analytics, we performed matching of sales invoices and collection receipts or matching of sales invoices, delivery receipts and collection receipts to ascertain that the revenue recognition criteria is met. For unmatched items, we vouched sales transactions to supporting documentation such as sales invoices and/or delivery documents acknowledged by the customers and traced to related trade receivable balance.
- On a sampling basis, we checked the sales transactions to the sales invoice and/or delivery documents acknowledged by the customers and collection receipts.
- We tested, on a sampling basis, sales transactions for the first month of the following financial year to supporting documentation such as sales invoices acknowledged by the customers and delivery documents to assess whether these transactions are recorded in the appropriate financial year.
- We tested, on a sampling basis, journal entries posted to revenue accounts to identify unusual or irregular items.
- We tested, on a sampling basis, credit notes issued after the financial year, to identify and assess any credit notes that relate to sales transactions recognized during the financial year.



- We have also evaluated the appropriateness and adequacy of the presentation and the relevant disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Jose P. Javier, Jr.

R.G. MANABAT & CO.

JOSE P. JAVIER, JR.

Partner

CPA License No. 0070807

Tax Identification No. 112-071-224

BIR Accreditation No. 08-001987-046-2022

Issued October 17, 2022; valid until October 17, 2025

PTR No. MKT 10075183

Issued January 2, 2024 at Makati City

April 12, 2024

Makati City, Metro Manila

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

(In Millions)

	<i>Note</i>	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4, 7, 33, 34	P57,007	P41,099
Trade and other receivables - net	4, 8, 30, 33, 34	25,869	22,110
Inventories	4, 9	43,096	60,746
Current portion of biological assets - net	4, 10	3,515	3,418
Prepaid expenses and other current assets	11, 30, 33, 34	6,216	5,412
Assets held for sale	5, 16, 27	186	172
Total Current Assets		135,889	132,957
Noncurrent Assets			
Investments - net	4, 12, 33, 34	17,128	17,143
Property, plant, and equipment - net	4, 13	118,000	106,611
Right-of-use assets - net	4, 14	4,633	5,171
Investment property - net	4, 15	3,537	3,638
Biological assets - net of current portion	4, 10	2,667	2,671
Goodwill - net	4, 16	996	996
Other intangible assets - net	4, 16	39,444	39,365
Deferred tax assets	4, 28	3,209	2,510
Other noncurrent assets - net	4, 17, 29, 30, 33, 34	30,272	28,416
Total Noncurrent Assets		219,886	206,521
		P355,775	P339,478
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	18, 30, 33, 34	P14,684	P21,055
Trade payables and other current liabilities	19, 30, 33, 34	65,288	62,536
Lease liabilities - current portion	4, 32, 33, 34	418	432
Income and other taxes payable		9,668	5,474
Dividends payable	21	79	67
Current maturities of long-term debt - net of debt issue costs	20, 33, 34	12,871	506
Total Current Liabilities		103,008	90,070

Forward

	Note	2023	2022
Noncurrent Liabilities			
Long-term debt - net of current maturities and debt issue costs	20, 33, 34	P69,939	P77,733
Deferred tax liabilities	28	26	23
Lease liabilities - net of current portion	4, 32, 33, 34	4,758	5,041
Other noncurrent liabilities	4, 29, 30, 33, 34	8,929	7,538
Total Noncurrent Liabilities		83,652	90,335
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	21	6,251	6,251
Additional paid-in capital	21	366,620	366,620
Equity adjustments from common control transactions	21	(327,793)	(327,793)
Equity reserves		(2,094)	(836)
Retained earnings:	21		
Appropriated		45,392	31,366
Unappropriated		50,996	57,860
Treasury stock	21	(30,182)	(30,182)
		109,190	103,286
Non-controlling Interests	2, 5	59,925	55,787
Total Equity		169,115	159,073
		P355,775	P339,478

See Notes to the Consolidated Financial Statements.

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions, Except Per Share Data)

	<i>Note</i>	2023	2022	2021
SALES	6, 22, 30	P379,822	P358,853	P309,778
COST OF SALES	23, 30	279,222	261,480	219,306
GROSS PROFIT		100,600	97,373	90,472
SELLING AND ADMINISTRATIVE EXPENSES	24, 30	(52,189)	(48,662)	(46,777)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	18, 20, 27	(4,752)	(3,538)	(3,360)
INTEREST INCOME	7, 27, 30	3,067	821	468
GAIN (LOSS) ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	12, 13	(2)	(2)	196
OTHER INCOME (CHARGES) - Net	27	3,154	(223)	(197)
INCOME BEFORE INCOME TAX		49,878	45,769	40,802
INCOME TAX EXPENSE	28	11,773	11,104	9,385
NET INCOME		P38,105	P34,665	P31,417
Attributable to:				
Equity holders of the Parent Company		P23,118	P22,263	P19,791
Non-controlling interests	5	14,987	12,402	11,626
		P38,105	P34,665	P31,417
Basic and Diluted Earnings per Common Share Attributable to Equity Holders of the Parent Company				
	31	P3.91	P3.77	P3.35

See Notes to the Consolidated Financial Statements.

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
(In Millions)

	<i>Note</i>	2023	2022	2021
NET INCOME		P38,105	P34,665	P31,417
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on reserve for retirement plan	29	(2,155)	(1,849)	1,312
Income tax benefit (expense)	28	548	457	(499)
Share in other comprehensive loss of joint ventures	12	-	-	(4)
Net gain on financial assets at fair value through other comprehensive income		23	5	3
		(1,584)	(1,387)	812
Items that may be reclassified to profit or loss				
Gain (loss) on exchange differences on translation of foreign operations		(88)	1,713	818
		(88)	1,713	818
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		(1,672)	326	1,630
TOTAL COMPREHENSIVE INCOME - Net of tax		P36,433	P34,991	P33,047
Attributable to:				
Equity holders of the Parent Company		P21,860	P22,377	P20,618
Non-controlling interests	5	14,573	12,614	12,429
		P36,433	P34,991	P33,047

See Notes to the Consolidated Financial Statements.

**SAN MIGUEL FOOD AND BEVERAGE, INC
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions)**

Equity Attributable to Equity Holders of the Parent Company																
		Equity Reserves												Non-controlling Interests	Total Equity	
Note	Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Plan	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock		Total			
	Common	Preferred							Appropriated	Unappropriated	Common	Preferred				
As at January 1, 2023		P5,951	P300	P366,620	(P327,793)	(P1,880)	P12	P1,109	(P77)	P31,366	P57,860	(P182)	(P30,000)	P103,286	P55,787	P159,073
	29	-	-	-	-	(1,237)	-	-	-	-	-	-	-	(1,237)	(370)	(1,607)
		-	-	-	-	-	-	(43)	-	-	-	-	-	(43)	(45)	(88)
		-	-	-	-	-	22	-	-	-	-	-	-	22	1	23
		-	-	-	-	(1,237)	22	(43)	-	-	-	-	-	(1,258)	(414)	(1,672)
		-	-	-	-	-	-	-	-	-	23,118	-	-	23,118	14,987	38,105
		-	-	-	-	(1,237)	22	(43)	-	-	23,118	-	-	21,860	14,573	36,433
		-	-	-	-	-	-	-	-	-	(1)	-	-	(1)	-	(1)
	21	-	-	-	-	-	-	-	-	14,026	(14,026)	-	-	-	-	-
	21	-	-	-	-	-	-	-	-	-	(15,955)	-	-	(15,955)	(10,435)	(26,390)
As at December 31, 2023		P5,951	P300	P366,620	(P327,793)	(P3,117)	P34	P1,066	(P77)	P45,392	P50,996	(P182)	(P30,000)	P109,190	P59,925	P169,115

Forward

Equity Attributable to Equity Holders of the Parent Company																
Note	Equity Reserves												Total	Non-controlling Interests	Total Equity	
	Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Plan	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock					
	Common	Preferred							Appropriated	Unappropriated	Common	Preferred				
As at January 1, 2022		P5,951	P300	P366,620	(P327,793)	(P1,131)	P12	P246	(P77)	P31,043	P48,448	(P182)	(P30,000)	P93,437	P52,025	P145,462
Remeasurement loss on reserve for retirement plan, net of deferred tax	29	-	-	-	-	(749)	-	-	-	-	-	-	-	(749)	(643)	(1,392)
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	858	-	-	-	-	-	858	855	1,713
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	-	5	-	-	-	-	-	5	-	5
Other comprehensive income (loss)		-	-	-	-	(749)	-	863	-	-	-	-	-	114	212	326
Net income		-	-	-	-	-	-	-	-	-	22,263	-	-	22,263	12,402	34,665
Total comprehensive income (loss)		-	-	-	-	(749)	-	863	-	-	22,263	-	-	22,377	12,614	34,991
Appropriations - net	21	-	-	-	-	-	-	-	-	323	(323)	-	-	-	-	-
Cash dividends declared	21	-	-	-	-	-	-	-	-	-	(12,528)	-	-	(12,528)	(8,852)	(21,380)
As at December 31, 2022		P5,951	P300	P366,620	(P327,793)	(P1,880)	P12	P1,109	(P77)	P31,366	P57,860	(P182)	(P30,000)	P103,286	P55,787	P159,073

Forward

Equity Attributable to Equity Holders of the Parent Company																
Note	Equity Reserves												Total	Non-controlling Interests	Total Equity	
	Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Plan	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock					
	Common	Preferred							Appropriated	Unappropriated	Common	Preferred				
As at January 1, 2021		P5,951	P300	P366,620	(P328,273)	(P1,640)	P10	(P38)	(P77)	P28,613	P41,122	(P182)	(P30,000)	P82,406	P49,413	P131,819
Remeasurement gain on reserve for retirement plan, net of deferred tax	29	-	-	-	-	540	-	-	-	-	-	-	-	540	273	813
Share in other comprehensive loss of joint ventures	12	-	-	-	-	-	-	(3)	-	-	-	-	-	(3)	(1)	(4)
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	288	-	-	-	-	-	288	530	818
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	2	-	-	-	-	-	-	2	1	3
Other comprehensive income		-	-	-	-	540	2	285	-	-	-	-	-	827	803	1,630
Net income		-	-	-	-	-	-	-	-	-	19,791	-	-	19,791	11,626	31,417
Total comprehensive income		-	-	-	-	540	2	285	-	-	19,791	-	-	20,618	12,429	33,047
Share issuance costs and others		-	-	-	-	-	-	-	-	-	11	-	-	11	(1)	10
Appropriations - net	21	-	-	-	-	-	-	-	-	2,430	(2,430)	-	-	-	-	-
Net addition (reduction) to non-controlling interests		-	-	-	480	(31)	-	(1)	-	-	-	-	-	448	(1,448)	(1,000)
Cash dividends declared	21	-	-	-	-	-	-	-	-	-	(10,046)	-	-	(10,046)	(8,368)	(18,414)
As at December 31, 2021		P5,951	P300	P366,620	(P327,793)	(P1,131)	P12	P246	(P77)	P31,043	P48,448	(P182)	(P30,000)	P93,437	P52,025	P145,462

See Notes to the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(In Millions)

	<i>Note</i>	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P49,878	P45,769	P40,802
Adjustments for:				
Depreciation and amortization and others - net	25	16,164	13,911	12,094
Interest expense and other financing charges	27	4,752	3,538	3,360
Impairment losses on receivables and write-down of inventories	8, 9	779	1,169	1,061
Retirement costs	29	843	842	2,576
Net other charges (gain) on derivative transactions		(45)	89	325
Loss (gain) on sale of investments and property and equipment		(790)	2	(196)
Impairment loss on property, plant and equipment and other noncurrent assets	27	-	(31)	455
Gain on fair valuation of agricultural produce	9	(8)	(17)	(26)
Interest income	27	(3,067)	(821)	(468)
Dividend income		(139)	(137)	(123)
Operating income before working capital changes		68,367	64,314	59,860
Decrease (increase) in:				
Trade and other receivables		(3,757)	801	(2,805)
Inventories		17,444	(16,608)	(9,328)
Current portion of biological assets		(96)	(312)	295
Prepaid expenses and other current assets		(725)	275	573
Increase in trade payables and other current liabilities		8,251	3,380	5,725
Cash generated from operations		89,484	51,850	54,320
Contributions paid	29	(1,274)	(654)	(894)
Interest paid		(5,443)	(4,316)	(4,155)
Income taxes paid		(11,379)	(11,385)	(8,948)
Net cash flows provided by operating activities		71,388	35,495	40,323

Forward

	<i>Note</i>	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments and property and equipment		P135	P31	P276
Increase in biological assets, intangible assets and other noncurrent assets	10, 16, 17	(15,153)	(9,860)	(6,660)
Additions to investments, property, plant and equipment and investment property	12, 13, 15	(15,748)	(26,463)	(10,874)
Dividends received		139	137	123
Interest received		2,937	730	446
Net cash flows used in investing activities		(27,690)	(35,425)	(16,689)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings	18	227,369	100,543	87,280
Long-term borrowings	20	4,963	11,910	18,858
Increase (decrease) in other noncurrent liabilities		1,070	-	(149)
Decrease to non-controlling interests		-	-	(1,000)
Payments of:				
Lease liabilities	27, 32	(520)	(603)	(596)
Long-term borrowings	20	(514)	(7,183)	(12,645)
Short-term borrowings	18	(233,740)	(84,679)	(92,873)
Cash dividends paid	21	(26,378)	(21,370)	(18,404)
Share issuance costs		(1)	-	11
Net cash flows used in financing activities		(27,751)	(1,382)	(19,518)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(39)	830	452
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		15,908	(482)	4,568
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		41,099	41,581	37,013
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	P57,007	P41,099	P41,581

See Notes to the Consolidated Financial Statements.

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Unless Otherwise Indicated)

1. Reporting Entity

San Miguel Food and Beverage, Inc. (SMFB or the Parent Company), a subsidiary of San Miguel Corporation (SMC or the Intermediate Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) in October 1956 for a term of 50 years. On August 8, 2006, the stockholders approved the amendment to the Articles of Incorporation of the Parent Company, extending the term for which the corporation is to exist for another 50 years from October 30, 2006 or until October 30, 2056. The amendment was subsequently approved by the SEC.

The Parent Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines which took effect on February 23, 2019, the Group shall have a perpetual corporate life.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed on the Philippine Stock Exchange (PSE) since 1973 and 2011, respectively. Top Frontier Investment Holdings, Inc. (Top Frontier) is the ultimate parent company of SMFB and its subsidiaries (SMFB and its subsidiaries collectively referred to as the Group). SMC and Top Frontier are both public companies under Section 17.2 of the Securities Regulation Code (SRC).

The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries and the Group's interests in joint ventures (collectively referred to as the Group).

The Group is engaged in various business activities, which include poultry operations, livestock farming and processing and selling of meat products, processing and marketing of refrigerated and canned meat products, manufacturing and marketing of feeds and flour products, specialty oils, spreads, desserts and dairy-based products, snacks and condiments, importation and marketing of coffee and coffee-related products, and grain terminal handling. Following the corporate reorganization in June 2018, the Group is also engaged in manufacturing, selling and distribution of alcoholic and non-alcoholic beverages (NAB).

The principal office address of the Company is at 100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on March 6, 2024.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries:

	Percentage of Ownership		Country of Incorporation
	2023	2022	
Food			
San Miguel Mills, Inc. (SMMI) and subsidiaries [including Golden Bay Grain Terminal Corporation and Golden Avenue Corp.(GAC)]	100.00	100.00	Philippines
Magnolia Inc. and subsidiary, Golden Food Management, Inc.	100.00	100.00	Philippines
San Miguel Foods, Inc. (SMFI) and subsidiaries, Foodcrave Marketing, Inc., San Miguel Foods Mindanao, Inc. (SMFMI) and Artholand Property Development Inc.(APDI)	99.99	99.99	Philippines
PT San Miguel Foods Indonesia (PTSMFI) ⁽¹⁾	75.00	75.00	Indonesia
San Miguel Super Coffeemix Co., Inc. (SMSCCI)	70.00	70.00	Philippines
The Purefoods-Hormel Company, Inc. (PF-Hormel)	60.00	60.00	Philippines
San Miguel Foods International, Limited (formerly San Miguel Pure Foods International, Limited) and subsidiary [including San Miguel Foods Investment (BVI) Limited (formerly San Miguel Pure Foods Investment (BVI) Limited) and subsidiary, San Miguel Pure Foods (VN) Co., Ltd.]	100.00	100.00	British Virgin Islands (BVI)

Forward

	Percentage of Ownership		Country of Incorporation
	2023	2022	
Beer and NAB			
San Miguel Brewery Inc. and Subsidiaries	51.16	51.16	Philippines
San Miguel Brewing International Limited and subsidiaries [including Neptunia Corporation Limited and subsidiaries (including San Miguel Company Limited, San Miguel Company Limited (Taiwan Branch), San Miguel Brewery Hong Kong Ltd. (SMBHK) and subsidiaries (including Hong Kong Brewery Limited, San Miguel Shunde Holdings Limited and subsidiary, San Miguel (Guangdong) Brewery Co., Ltd.), San Miguel (Guangdong) Limited and subsidiary, Guangzhou San Miguel Brewery Co. Ltd. ⁽²⁾ , San Miguel (China) Investment Company Limited (SMCIC) and San Miguel (Baoding) Brewery Co., Ltd. ⁽³⁾ (SMBB)}, San Miguel Holdings (Thailand) Limited and subsidiary, San Miguel Beer (Thailand) Limited, San Miguel Marketing (Thailand) Limited and subsidiaries (including Dragon Island Investments Limited, San Miguel (Vietnam) Limited, San Miguel Brewery Vietnam Company Limited, San Miguel Malaysia (L) Pte. Ltd. and Pt. Delta Jakarta Tbk and subsidiary)]			
Iconic Beverages, Inc. (IBI)			
Brewery Properties Inc. (BPI) and subsidiary, Brewery Landholdings, Inc.			
Spirits			
Ginebra San Miguel Inc. and Subsidiaries [including Distileria Bago, Inc., East Pacific Star Bottlers Phils Inc. (EPSBPI), Ginebra San Miguel International Ltd. (GSML), GSM International Holdings Limited (GSMIHL), Global Beverages Holdings Limited, Siam Holdings Limited, Agri crops Industries Inc., Healthy Condiments, Inc. and Crown Royal Distillers, Inc.]	75.78	75.78	Philippines

⁽¹⁾ The company has ceased operations in October 2021 and is in the process of liquidation.

⁽²⁾ The company has ceased operations in November 2020 and is in the process of liquidation.

⁽³⁾ The company has ceased operations in March 2020 and is in the process of liquidation.

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in its subsidiaries as follows: SMFI, PTSMFI, SMSCCI, PF-Hormel, SMB and GSMI (Note 5).

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statements of income; and, (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of amendments to standards as part of PFRS.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2023 and accordingly, changed its accounting policies in the following areas:

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.
- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

- International Tax Reform - Pillar Two Model Rules (Amendments to PAS 12). The amendments include a temporary, mandatory exemption from accounting for deferred taxes resulting from the introduction of the global minimum taxation and targeted disclosures in the notes for affected entities to enable users of financial statements to understand the extent to which an entity will be affected by the minimum tax, particularly before the legislation comes into force.

The accounting exemption is to be applied immediately after publication of the amendment.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2023 and have not been applied in preparing the consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amendments to standards on the respective effective dates:

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - o removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;
 - o clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - o provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - o clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except financial assets and financial liabilities at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, and noncurrent receivables and deposits, are included under this category (Notes 7, 8, 12, 17, 33 and 34).

Cash includes cash on hand and in banks.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category (Notes 18, 19, 20, 33 and 34).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for expected credit loss (ECL) on financial assets at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Inventories

Finished goods, goods in process, materials and supplies are valued at the lower of cost and net realizable value.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods and goods in process	- at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; finished goods also include unrealized gain (loss) on fair valuation of agricultural produce; costs are determined using the moving-average method.
Materials, supplies and others	- at cost, using the specific identification method, first-in, first-out method or moving-average method.

Finished Goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Goods in Process. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials and Supplies, including Coal. Net realizable value is the current replacement cost.

Any write-down of inventories to net realizable value and all losses of inventories are recognized as expense in the year of write-down or loss occurrence. The amount of reversals of write-down of inventories arising from an increase in net realizable value, if any, are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Biological Assets and Agricultural Produce

The Group's biological assets include breeding stocks, growing hogs, poultry livestock and goods in process which are grouped according to their physical state, transformation capacity (breeding, growing or laying), as well as their particular stage in the production process.

Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably.

The Group's agricultural produce, which consists of grown broilers and marketable hogs harvested from the Group's biological assets, are measured at their fair value less estimated costs to sell at the point of harvest. The fair value of grown broilers is based on the quoted prices for harvested mature grown broilers in the market at the time of harvest. For marketable hogs, the fair value is based on the quoted prices in the market at any given time.

The Group, in general, does not carry any inventory of agricultural produce at any given time as these are either sold as live broilers and hogs or transferred to the different poultry or meat processing plants and immediately transformed into processed or dressed chicken and carcass.

The carrying amounts of the biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Amortization is computed using the straight-line method over the following estimated productive lives of breeding stocks:

	Amortization Period
Hogs - sow	3 years or 6 births, whichever is shorter
Hogs - boar	2.5 - 3 years
Poultry breeding stock	38 - 42 weeks

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "Selling and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

- *Goodwill in a Business Combination*

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- o represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- o is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

- *Intangible Assets Acquired in a Business Combination*

The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

Following initial recognition, intangible asset is carried at cost less any accumulated amortization and impairment losses, if any. The useful life of an intangible asset is assessed to be either finite or indefinite.

An intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

A change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as a change in accounting estimate. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of income.

Business Combinations under Common Control

The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using the pooling of interests method.

The assets and liabilities of the combining entities are reflected in the consolidated statements of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments are those to align accounting policies between the combining entities.

No new goodwill is recognized as a result of the business combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is recognized in equity.

The consolidated statements of income reflect the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities had been combined for the period that the entities were under common control.

Non-controlling Interests

The acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

Investments in Shares of Stock of Associates and Joint Ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in shares of stock of associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in shares of stock of an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group's share in profit or loss of an associate or joint venture is recognized as "Equity in net earnings (losses) of associates and joint ventures" account in the consolidated statements of income. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate or joint venture arising from changes in the associate or joint venture's other comprehensive income. The Group's share on these changes is recognized as "Share in other comprehensive income (loss) of associates and joint ventures - net" account in the consolidated statements of comprehensive income. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in the shares of stock of an associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in shares of stock of an associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and carrying amount of the investment in shares of stock of an associate or joint venture and then recognizes the loss as part of "Equity in net earnings (losses) of associates and joint ventures" account in the consolidated statements of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the investment in an associate or joint venture upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less impairment in value, if any.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes related asset retirement obligation (ARO), if any. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 20
Buildings and improvements	3 - 50
Machinery and equipment	2 - 50
Furniture, other equipment and others	2 - 20
Leasehold improvements	3 - 50 or term of the lease, whichever is shorter

The remaining useful lives, residual values, and depreciation methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statements of income in the period of retirement and disposal.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use:

- the Group has the right to obtain substantially all the economic benefits from use of the identified asset; and
- the Group has the right to direct the use of the identified asset.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

	Number of Years
Land, land and leasehold improvements	2 - 50
Buildings and improvements	2 - 50
Furniture, other equipment and others	10 -12
Machinery and equipment	2 - 7

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of use assets and lease liabilities for short-term leases (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Corona Virus Disease 2019 (COVID-19) pandemic are lease modifications. The practical expedient is applied consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization of other intangible assets with finite lives, which is computer software and licenses, is computed using the straight-line method over two to ten years.

The Group assessed the useful lives of licenses and trademarks and brand names to be indefinite. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group.

Licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Deferred Containers

Returnable bottles, shells and pallets are measured at cost less accumulated depreciation and impairment, if any. These are presented as "Deferred containers - net" under "Other noncurrent assets - net" account in the consolidated statements of financial position and are depreciated over the estimated useful lives of two to ten years. Depreciable amount is equal to cost less estimated residual value, equivalent to the deposit value. Depreciation of deferred containers is included under "Selling and administrative expenses" account in the consolidated statements of income.

The remaining useful lives, residual values, and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of amortization are consistent with the expected pattern of economic benefits from deferred containers.

The carrying amount of deferred containers is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Refundable containers deposits are collected from customers based on deposit value and refunded when the containers are returned to the Group in good condition. These deposits are presented as "Containers deposit" under "Trade payables and other current liabilities" account in the consolidated statements of financial position.

Impairment of Non-financial Assets

The carrying amounts of investments and advances, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers, deferred exploration and development costs and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, licenses and trademarks and brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level.

If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. An impairment loss with respect to goodwill is not reversed.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the option of the Parent Company, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it acts as a principal as it controls the goods or services before transferring to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Food and Beverage

Revenue is recognized at the point in time when control of the goods is transferred to the customer, which is normally upon delivery of the goods. Trade discounts and volume rebate do not result to significant variable consideration and are generally determined based on concluded sales transactions as at the end of each period. Payment is generally due within 30 to 60 days from delivery.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs;
- Net interest on the defined benefit retirement liability or asset; and
- Remeasurements of defined benefit retirement liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statements of income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are initially recorded in the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are translated to the functional currency at exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of monetary items that in substance form part of a net investment in a foreign operation and hedging instruments in a qualifying cash flow hedge or hedge of a net investment in a foreign operation, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in shares of stock of an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented in the "Translation reserve" account in the consolidated statements of changes in equity.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the consolidated statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Income and other taxes payable" accounts in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 6 to the consolidated financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the consolidated financial statements:

Measurement of Biological Assets. Breeding stocks are carried at accumulated costs net of amortization and any impairment in value while growing hogs, poultry livestock and goods in process are carried at accumulated costs. The costs and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably. The Group's biological assets or any similar assets prior to point of harvest have no active market available in the Philippine poultry and hog industries. Further, the existing sector benchmarks are determined to be irrelevant and the estimates (i.e., revenues due to highly volatile prices, input costs and efficiency values) necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value.

Determining whether a Contract Contains a Lease. The Group uses its judgment in determining whether a contract contains a lease. At inception of a contract, the Group makes an assessment whether it has the right to obtain substantially all the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

Operating Lease Commitments - Group as Lessor. The Group has entered into various lease agreements as a lessor. The Group had determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the consolidated statements of income amounted to P264, P199 and P181 in 2023, 2022 and 2021, respectively (Notes 27, 30 and 32).

Rent expense recognized in the consolidated statements of income amounted to P2,781, P2,662 and P2,680 in 2023, 2022 and 2021, respectively (Notes 23, 24, 30 and 32).

Determining the Lease Term of Contracts with Renewal Options - Group as Lessee. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. At lease commencement date, the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew the lease by considering all relevant factors that create an economic incentive for it to exercise the renewal option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.

Evaluating Control over its Investees. Determining whether the Group has control in an investee requires significant judgment. Although the Group owns less than 50% of the voting rights of BPI, management has determined that the Group has control in this entity by virtue of its exposure and rights to variable returns from its involvement in this investee and its ability to affect those returns through its power over the investee.

The Group receives substantially all of the returns related to BPI's operations and net assets and has the current ability to direct BPI's activities that most significantly affect the returns. The Group controls BPI since it is exposed, and has rights, to variable returns from its involvement with BPI and has the ability to affect those returns through such power over BPI.

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of the joint arrangements based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements in Thai San Miguel Liquor Co. Ltd. (TSML) and Thai Ginebra Trading (TGT) as joint ventures (Note 12).

Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Classification of Financial Instruments. The Group exercises judgments in classifying financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The classification and fair values of financial assets and financial liabilities are presented in Note 34.

The Group uses its judgment in determining the classification of financial assets based on its business model in which assets are managed and their cash flow characteristics. The classification and fair values of financial assets and financial liabilities are presented in Note 34.

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings (Note 36).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of ECL on Trade Receivables. The Group, in applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables for at least two years. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL on trade receivables is not material because substantial amount of trade receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its trade receivables.

Trade receivables written off amounted to P84 and P67 in 2023 and 2022, respectively. The allowance for impairment losses on trade receivables amounted to P275 and P294 as at December 31, 2023 and 2022, respectively. The carrying amount of trade receivables amounted to P22,803 and P19,308 as of December 31, 2023 and 2022, respectively (Note 8).

Assessment of ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no additional provision for ECL on other financial assets at amortized cost was recognized in 2023 and 2022.

The carrying amounts of other financial assets at amortized cost are as follows:

	<i>Note</i>	2023	2022
Other Financial Assets at Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	7	P55,260	P40,159
Other current receivables - net (included under "Trade and other receivables - net" account)	8	3,948	3,701
Financial assets at amortized cost (included under "Investments" account)	12, 33, 34	11,500	11,500
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	17	183	156

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 9, 10, 12, 13, 14, 15, 16, 17, 19 and 34.

Write-down of Inventory. The Group writes-down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The write-down of inventories amounted to P200, P126 and P966 in 2023, 2022 and 2021, respectively (Note 9).

The carrying amounts of inventories amounted to P43,096 and P60,746 as at December 31, 2023 and 2022, respectively (Note 9).

Estimated Useful Lives of Property, Plant and Equipment, Right-of-Use Assets, Investment Property and Deferred Containers. The Group estimates the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, right-of-use assets, investment property and deferred containers would increase the recorded cost of sales and selling and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation amounted to P131,752 and P120,759 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of property, plant and equipment amounted to P75,120 and P70,787 as at December 31, 2023 and 2022, respectively (Note 13).

Right-of-use assets, net of accumulated depreciation amounted to P4,721 and P5,259 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of right-of-use assets amounted to P3,112 and P2,814 as at December 31, 2023 and 2022, respectively (Note 14).

Investment property, net of accumulated depreciation amounted to P3,545 and P3,646 at December 31, 2023 and 2022, respectively. Accumulated depreciation of investment property amounted to P815 and P778 as at December 31, 2023 and 2022, respectively (Note 15).

Deferred containers, net of accumulated depreciation, included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position amounted to P25,838 and P25,553 as at December 31, 2023 and 2022, respectively. Accumulated depreciation of deferred containers amounted to P24,948 and P20,510 as at December 31, 2023 and 2022, respectively (Note 17).

Estimated Useful Lives of Intangible Assets. The useful lives of intangible assets are assessed at the individual asset level as having either a finite or indefinite life. Intangible assets are regarded to have an indefinite useful life when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with finite useful lives, net of accumulated amortization, included as part of "Other intangible assets - net" account in the consolidated statements of financial position, amounted to P221 and P132 as at December 31, 2023 and 2022, respectively. Accumulated amortization of intangible assets with finite useful lives amounted to P1,264 and P1,214 as at December 31, 2023 and 2022, respectively (Note 16).

Impairment of Goodwill, Trademarks and Brand Names, Licenses, and Formulas and Recipes, and Franchise with Indefinite Useful Lives. The Group determines whether goodwill, trademarks and brand names, licenses, formulas and recipes, and franchise are impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated and the value in use of the trademarks and brand names, licenses, formulas and recipes, and franchise. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and from the trademarks and brand names, licenses, formulas and recipes, and franchise and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P996 as at December 31, 2023 and 2022 (Note 16).

The combined carrying amounts of trademarks and brand names, licenses, and formulas and recipes, and franchise with indefinite useful lives amounted to P39,228 and P39,238 as at December 31, 2023 and 2022, respectively (Note 16).

Acquisition Accounting. At the time of acquisition, the Group considers whether the acquisition represents an acquisition of a business or a group of assets. The Group accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to the group of assets acquired.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The carrying amounts of goodwill and other intangible assets with indefinite lives arising from business combinations amounted to P40,224 and P40,234 as at December 31, 2023 and 2022, respectively (Note 16).

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P3,209 and P2,510 as at December 31, 2023 and 2022, respectively (Note 28).

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed on investments, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers and idle assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment losses on non-financial assets amounted to P15,220 and P15,829 as at December 31, 2023 and 2022, respectively (Notes 13, 14, 15, 16 and 17).

The combined carrying amounts of investments, property, plant and equipment, right-of-use assets, investment property, biological assets - net of current portion, other intangible assets with finite useful lives, deferred containers and idle assets amounted to P155,383 and P143,582 as at December 31, 2023 and 2022, respectively (Notes 10, 12, 13, 14, 15, 16 and 17).

Estimating the Incremental Borrowing Rate. The Group cannot readily determine the interest rate implicit in the leases. Therefore, it uses its relevant incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific estimates.

The Group's lease liabilities amounted to P5,176 and P5,473 as at December 31, 2023 and 2022, respectively (Notes 32, 33, and 34).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 29 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the assumptions of the Group are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the defined benefit retirement obligation of the Group.

The present value of defined benefit retirement obligation amounted to P21,998 and P19,110 as at December 31, 2023 and 2022, respectively (Note 29).

5. Investments in Subsidiaries

The following are the developments relating to the Parent Company's investments in shares of stock of subsidiaries:

- a. On January 3, 2022, SMFI and San Miguel Integrated Logistics Services, Inc. (SMILSI) entered into an Absolute Sale agreement, amounting to P1,143 for the purchase of identified assets used in logistics operations subject to certain conditions.

On December 4, 2023, SMFI incorporated SMFMI, with 175,000,000 common shares subscription amounting to P1.75 billion from SMFMI's authorized stock of 700,000,000 with par value of P10.00 or P7 billion. SMFMI has not started commercial operation as at December 31, 2023.

On December 22, 2023, SMFI entered into a Share Purchase Agreement with San Miguel Equity Investments Inc. (SMEII) for the acquisition of SMEII's 100% interest in APDI equivalent to 1,020,000,000 shares for total consideration of P1.38 billion payable in three installments.

- b. On March 11, 2022, the BOD of Magnolia approved the plan to take steps to liquidate the properties related to the operation of La Pacita biscuit. The related trademark under the Parent Company amounting to P60 was also classified as assets held for sale, which was eventually disposed in March 10, 2023 (Notes 16 and 27).
- c. On November 10, 2021, the BOD of the Parent Company ratified the approval on the closure of the operations of PT SMFI effective October 31, 2021. PTSMFI is still in the process of liquidation as of December 31, 2023. The Parent Company has recognized additional provision for impairment of its investment amounting to P122 based on its latest valuation.
- d. On January 3, 2022, the SMMI and SMILSI entered into an Absolute Sale agreement, amounting to P244 for the purchase of identified assets used in logistics operations subject to certain conditions.
- e. In 2021, GBGTC recognized impairment loss amounting to P38 due to losses incurred from Typhoon Rolly and Ulysses in 2020. Proceeds from insurance claims were fully received as of December 31, 2023.
- f. On June 2, 2022, the BOD of GAC approved the increase in the authorized capital stock from P300 divided into 300,000 common shares with a par value of P1,000 per share to P1,000 divided into 1,000,000 common shares with a par value of P1,000 per share.

On June 13, 2022 the BOD of GAC approved the additional subscription by SMMI of shares of stock in GAC in the amount of P700, equivalent to 700,000 common shares with par value of P1,000 per share, comprising the increase in authorized capital stock of GAC.

On November 22, 2022, SMMI made advances for future stock subscription amounting to P175 equivalent to 25% of the approved additional subscription of P700. These outstanding subscription receivable was received equally from August until December 2023.

- g. On January 3, 2022, PF-Hormel and SMILSI entered into an Absolute Sale agreement, amounting to P583 for the purchase of identified assets used in logistics operations subject to certain conditions.

On June 1, 2022, PF-Hormel's BOD approved the amendment of PH-Hormel's Articles of Incorporation to change the tradename of the company from The Purefoods- Hormel Company, Inc. to Purefoods-Hormel Manufacturing Business and Purefoods-Hormel- Meat Trading Business. The amended Articles of Incorporation and By- Laws were approved by SEC on November 29, 2022.

- h. In March 2020, SMBIL and SMCIC, shareholders of SMBB passed a resolution approving the dissolution of SMBB. SMBB stopped operations and production activities from the date of the resolution and started liquidation. In September 2023, the BOD approved the disposal of its investment in SMBB. As of December 31, 2023 and 2022, GSMB and SMBB are still undergoing liquidation.

- i. San Miguel Foods International, Limited (SMFIL)

On February 10, 2023, the subscription agreement dated February 9, 2015 with subscribed shares of 1,150,000 common shares out of the authorized capital stock for a total subscription price of \$1.15 million or \$1.00 per common share was terminated effective immediately due to the current business condition of SMFIL. Both SMFIL and the Company shall bear their respective expenses incurred in connection with the cancellation of the proposed subscription by the Company in SMFIL and return of the deposit to the Company.

The details of the Group's material non-controlling interests are as follows:

	December 31, 2023		December 31, 2022	
	SMB	GSMI	SMB	GSMI
Percentage of non-controlling interests	48.84%	24.22%	48.84%	24.22%
Carrying amount of non-controlling interests	P52,066	P5,280	P49,146	P3,519
Net income attributable to non-controlling interests	P12,655	P1,707	P10,763	P1,101
Other comprehensive income (loss) attributable to non-controlling interests	(P314)	P54	P242	P12
Dividends paid to non-controlling interests	P9,421	P -	P8,262	P -

The following are the financial information of SMB and GSMI:

	December 31, 2023		December 31, 2022	
	SMB	GSMI	SMB	GSMI
Current assets	P53,110	P20,359	P41,077	P14,566
Noncurrent assets	117,421	7,409	115,349	7,047
Current liabilities	(36,065)	(8,456)	(20,889)	(6,459)
Noncurrent liabilities	(31,857)	(912)	(38,755)	(712)
Net assets	P102,609	P18,400	P96,782	P14,442
Sales	P147,347	P53,639	P136,235	P47,341
Net income	P25,322	P7,046	P21,750	P4,547
Other comprehensive income (loss)	(641)	(224)	426	(49)
Total comprehensive income	P24,681	P6,822	P22,176	P4,498
Cash flows provided by operating activities	P32,482	P6,840	P29,641	P7,375
Cash flows used in investing activities	(8,337)	(463)	(16,596)	(2,499)
Cash flows used in financing activities	(14,149)	(1,984)	(11,910)	(1,772)
Effect of exchange rate changes on cash and cash equivalents	(71)	31	870	(26)
Net increase (decrease) in cash and cash equivalents	P9,925	P4,424	P2,005	P3,078

6. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed by SMFB separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has three reportable segments, namely: Food, Beer and Non-alcoholic Beverage (NAB) and Spirits. Management identified and grouped the operating units in its operating segments with the objective of transforming the Group into a more rationalized and focused organization. The structure aims to boost efficiencies across the Group and raise effectiveness in defining and meeting the needs of consumers in innovative ways.

The Food segment is engaged in (i) the processing and marketing of branded value-added refrigerated processed meats and canned meat products, manufacturing and marketing of butter, margarine, cheese, milk, ice cream, jelly-based snacks and desserts, specialty oils, salad aids, snacks and condiments, marketing of flour mixes and the importation and marketing of coffee and coffee-related products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds ("Animal Nutrition and Health"); (iii) the poultry and livestock farming, processing and selling of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, food services, franchising and international operations ("Others").

The Beer and NAB segment is engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets.

The Spirits segment is engaged in the production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other hard liquor variants which are available nationwide, while some are exported to select countries.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, inventories, biological assets, and property, plant and equipment, net of allowances, accumulated depreciation and amortization, and impairment. Segment liabilities include all operating liabilities and consist primarily of trade payables and other current liabilities, and other noncurrent liabilities, excluding interest and dividends payable. Segment assets and liabilities do not include deferred taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

Financial information about reportable segments follows:

		2023					
	Note	Food*	Beer and NAB	Spirits	Total Reportable Segments	Eliminations	Consolidated
Sales							
External		P178,845	P147,341	P53,636	P379,822	P -	P379,822
Inter-segment		2	6	3	11	(11)	-
Total sales		P178,847	P147,347	P53,639	P379,833	(P11)	P379,822
Segment operating result		P10,168	P31,408	P6,835	P48,411	P -	P48,411
Interest expense and other financing charges							(4,752)
Interest income							3,067
Gain on sale of investments and property and equipment							(2)
Other charges - net							3,154
Income tax expense							(11,773)
Net income							P38,105
Attributable to:							
Equity holders of the Parent Company							P23,118
Non-controlling interests							14,987
Net income							P38,105
Other Information							
Segments assets		P149,178	P118,036	P25,498	P292,712	(P126)	P292,586
Investments		49	15,580	1,500	17,129	(1)	17,128
Right-of-use assets - net							4,633
Goodwill, trademarks and brand names							38,084
Other assets							135
Deferred tax assets							3,209
Consolidated total assets							P355,775
Segment liabilities		P47,789	P19,806	P6,554	P74,149	(P126)	P74,023
Loans payable							14,684
Long-term debt							82,810
Lease liabilities							5,176
Income and other taxes payable							9,668
Dividends and interest payable							273
Deferred tax liabilities							26
Consolidated total liabilities							P186,660
Capital expenditures	13	P11,192	P3,590	P1,454	P16,236	P -	P16,236
Depreciation of property, plant and equipment	13, 25	3,472	1,875	615	5,962	-	5,962
Non-cash items and others (excluding depreciation of property, plant and equipment)		4,518	5,482	11	10,011	-	10,011

* Includes operating expenses of the Parent Company

		2022					
	Note	Food*	Beer and NAB	Spirits	Total Reportable Segments	Eliminations	Consolidated
Sales							
External		P175,287	P136,230	P47,336	P358,853	P -	P358,853
Inter-segment		1	5	5	11	(11)	-
Total sales		P175,288	P136,235	P47,341	P358,864	(P11)	P358,853
Segment operating result		P13,206	P29,516	P5,987	P48,709	P2	P48,711
Interest expense and other financing charges							(3,538)
Interest income							821
Gain on sale of investments and property and equipment							(2)
Other charges - net							(223)
Income tax expense							(11,104)
Net income							P34,665
Attributable to:							
Equity holders of the Parent Company							P22,263
Non-controlling interests							12,402
Net income							P34,665
Other Information							
Segments assets		P153,000	P104,206	P19,348	P276,554	(P74)	P276,480
Investments		26	15,617	1,500	17,143	-	17,143
Right-of-use assets - net							5,171
Goodwill, trademarks and brand names							38,101
Other assets							73
Deferred tax assets							2,510
Consolidated total assets							P339,478
Segment liabilities		P44,770	P18,886	P6,162	P69,818	(P71)	P69,747
Loans payable							21,055
Long-term debt							78,239
Lease liabilities							5,473
Income and other taxes payable							5,474
Dividends and interest payable							394
Deferred tax liabilities							23
Consolidated total liabilities							P180,405
Capital expenditures	13	P16,629	P1,959	P990	P19,578	P -	P19,578
Depreciation of property, plant and equipment	13, 25	2,895	1,834	565	5,294	-	5,294
Non-cash items and others (excluding depreciation of property, plant and equipment)		3,839	5,148	72	9,059	-	9,059

* Includes operating expenses of the Parent Company

		2021					
	Note	Food*	Beer and NAB	Spirits	Total Reportable Segments	Eliminations	Consolidated
Sales							
External		P150,969	P116,280	P42,529	P309,778	P -	P309,778
Inter-segment		1	6	5	12	(12)	-
Total sales		P150,970	P116,286	P42,534	P309,790	(P12)	P309,778
Segment operating result		P11,485	P26,916	P5,293	P43,694	P1	P43,695
Interest expense and other financing charges							(3,360)
Interest income							468
Gain on sale of investments and property and equipment							196
Other charges - net							(197)
Income tax expense							(9,385)
Net income							P31,417
Attributable to:							
Equity holders of the Parent Company							P19,791
Non-controlling interests							11,626
Net income							P31,417
Other Information							
Segments assets		P126,503	P103,528	P17,593	P247,624	(P62)	P247,562
Investments		20	5,137	-	5,157	-	5,157
Right-of-use assets - net							4,747
Goodwill, trademarks and brand names							38,007
Other assets							14
Deferred tax assets							2,137
Consolidated total assets							P297,624
Segment liabilities		P40,004	P17,107	P5,756	P62,867	(P59)	P62,808
Loans payable							5,191
Long-term debt							73,405
Lease liabilities							4,834
Income and other taxes payable							5,605
Dividends and interest payable							293
Deferred tax liabilities							26
Consolidated total liabilities							P152,162
Capital expenditures	13	P7,600	P2,681	P593	P10,874	P -	P10,874
Depreciation of property, plant and equipment	13, 25	2,703	1,780	578	5,061	-	5,061
Non-cash items and others (excluding depreciation of property, plant and equipment)		3,398	3,686	119	7,203	-	7,203

* Includes operating expenses of the Parent Company

Disaggregation of Revenue:

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments:

	Food			Beer and NAB			Spirits			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Timing of Revenue Recognition												
Sales recognized at point in time	P178,824	P175,262	P150,947	P147,341	P136,230	P116,280	P53,636	P47,336	P42,529	P379,801	P358,828	P309,756
Sales recognized over time	21	25	22	-	-	-	-	-	-	21	25	22
Total External Sales	P178,845	P175,287	P150,969	P147,341	P136,230	P116,280	P53,636	P47,336	P42,529	P379,822	P358,853	P309,778

7. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2023	2022
Cash in banks and on hand		P14,781	P11,981
Short-term investments		42,226	29,118
	4, 33, 34	P57,007	P41,099

Cash in banks earn interest at bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Group and earn interest at short-term investment rates (Note 27).

8. Trade and Other Receivables

This account consists of:

	<i>Note</i>	2023	2022
Trade		P23,078	P19,602
Non-trade		1,592	1,688
Amounts owed by related parties	30	2,384	2,013
		27,054	23,303
Less allowance for impairment losses	4	1,185	1,193
	4, 33, 34	P25,869	P22,110

Trade receivables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade receivables include advances to contract growers and breeders, receivables from truckers and toll partners, insurance and freight claims, receivables from employees, interest and others.

The movements in the allowance for impairment losses are as follows:

	<i>Note</i>	2023	2022
Balance at beginning of year		P1,193	P1,385
Charges for the year - net		113	(100)
Amounts written off	4	(121)	(95)
Translation adjustments		-	3
Balance at end of year		P1,185	P1,193

9. Inventories

This account consists of:

	<i>Note</i>	2023	2022
At net realizable value:			
Finished goods and goods in process		P15,659	P15,601
Materials and supplies		27,437	45,145
	4	P43,096	P60,746

The cost of inventories as at December 31 are as follows:

	2023	2022
Finished goods and goods in process	P15,880	P15,814
Materials and supplies	27,758	45,392
	P43,638	P61,206

The write-down of inventories amounted to P200, P126 and P966 in 2023, 2022 and 2021, respectively (Notes 4, 23 and 24). The Group has written off inventories amounting to P97, P198 and P255 in 2023, 2022 and 2021, respectively.

The allowance for write-down of inventories to net realizable value amounted to P542 and P460 as at December 31, 2023 and 2022, respectively.

The cost of inventories used recognized under "Cost of sales" account in consolidated statements of income amounted to P158,027, P150,282 and P124,729 in 2023, 2022 and 2021, respectively (Note 23).

The fair value of agricultural produce less costs to sell, which formed part of the cost of the finished goods inventory, amounted to P115 and P127 as at December 31, 2023 and 2022, respectively, with corresponding costs at point of harvest amounting to P107 and P110, respectively. Net unrealized gain on fair valuation of agricultural produce amounted to P8, P17 and P26 in 2023, 2022 and 2021, respectively (Note 22).

The fair values of marketable hogs and grown broilers, which comprised the Group's agricultural produce, are categorized as Level 1 and Level 3, respectively, in the fair value hierarchy based on the inputs used in the valuation techniques.

The valuation model used is based on the following: (a) quoted prices for harvested mature grown broilers at the time of harvest; and (b) quoted prices in the market at any given time for marketable hogs; provided that there has been no significant change in economic circumstances between the date of the transactions and the reporting date. Costs to sell are estimated based on the most recent transaction and is deducted from the fair value in order to measure the fair value of agricultural produce at point of harvest. The estimated fair value would increase (decrease) if weight and quality premiums increase (decrease) (Note 4).

10. Biological Assets

This account consists of:

	Note	2023	2022
Current:			
Growing stocks		P2,608	P2,418
Goods in process		907	1,000
		3,515	3,418
Noncurrent:			
Breeding stocks - net		2,667	2,671
	4	P6,182	P6,089

Growing stocks pertain to growing broilers and hogs, while goods in process pertain to hatching eggs.

The amortization of breeding stocks recognized in the consolidated statements of income amounted to P4,054, P3,303 and P2,896 in 2023, 2022 and 2021 respectively (Note 25).

The movements in biological assets are as follows:

	Note	2023	2022
Cost			
Balance at beginning of year		P6,116	P5,901
Increase (decrease) due to:			
Production		62,668	54,657
Purchases		607	841
Mortality		(320)	(363)
Harvest		(58,792)	(51,084)
Retirement		(4,069)	(3,836)
Balance at end of year		6,210	6,116
Accumulated Amortization			
Balance at beginning of year		27	551
Amortization	25	4,054	3,303
Retirement		(4,053)	(3,827)
Balance at end of year		28	27
Carrying Amount		P6,182	P6,089

The Group harvested approximately 540.4 million and 560.4 million kilograms of grown broilers in 2023 and 2022, respectively, and 0.04 million and 0.12 million heads of marketable hogs and cattle in 2023 and 2022, respectively.

The aggregate fair value less estimated costs to sell of agricultural produce harvested during the year, determined at the point of harvest, amounted to P50,973 and P67,232 in 2023 and 2022, respectively.

11. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	2023	2022
Prepaid income tax	36	P2,751	P1,412
Input tax		1,913	2,489
Prepaid expenses	30	921	803
Advances to contractors and suppliers		108	151
Derivative assets	33, 34	50	100
Others	30	473	457
		P6,216	P5,412

Prepaid expenses include prepaid rent, insurance, promotional expenses and various operating expenses.

“Others” include advance payments and deposits.

“Prepaid expenses” and “Others” accounts include amounts owed by related parties amounting to P281 and P240 as at December 31, 2023 and 2022, respectively (Note 30). The methods and assumptions used to estimate the fair value of derivative assets are discussed in Note 34.

12. Investments

This account consists of:

	Note	2023	2022
Financial assets at amortized cost	33, 34	P11,500	P11,500
Financial assets at FVOCI	33, 34	5,628	5,643
Investments in joint ventures - net		-	-
	4	P17,128	P17,143

Investments in Joint Ventures

a. TSML

GSML, through GSMIL, has an existing joint venture with Thai Life Group of Companies (Thai Life) covering the ownership and operations of TSML. TSML is a limited company organized under the laws of Thailand in which GSML owns 44.9% effective ownership interest. TSML holds a license in Thailand to engage in the business of manufacturing alcohol and manufacturing, selling and distributing brandy, wine and distilled spirits products both for domestic and export markets.

The details of the investment in TSML which is accounted for using the equity method are as follows:

	2023	2022
Current assets	P332	P604
Noncurrent assets	683	732
Current liabilities	(1,320)	(1,379)
Net liabilities	(305)	(43)
Percentage of ownership	44.9%	44.9%
Amount of investment in joint venture	P -	P -
Carrying amount of investment in joint venture - net	P -	P -

	2023	2022
Sales	P3	P397
Cost of sales	(61)	(563)
Operating expenses	(171)	(160)
Other charge	(31)	(35)
Net loss	(260)	(361)
Percentage of ownership	44.9%	44.9%
Share in net loss	(117)	(162)
Share in other comprehensive income (loss)	-	-
Total comprehensive loss	(P117)	(P162)

In 2019, the Group assessed that its investment in TSML is impaired. The recoverable amount of investment in TSML has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. The determined growth rate 2% in 2023 and 2022, respectively. This growth rate is consistent with the long-term average growth rate for the industry. The discount rate applied to after tax cash flow projections is 9% and also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. The Group assessed the recoverable amount of TSML and the result of such assessment was that the carrying amount is higher than its recoverable amount resulting in impairment loss amounting to P244 as at 2023 and 2022.

The Group discontinued recognizing its share in the net losses of TSML since the cumulative losses already exceeded the cost of investment. If TSML reports profits subsequently, the Group resumes recognizing its share of those profits after its share of the profits equals the share of net losses not recognized. Unrecognized share in net losses amounted to P412 and P296 as at December 31, 2023 and 2022, respectively.

The recoverable amount of investment in TSML has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 3).

b. TGT

GSMI, through GSMIHL, also has an existing 44.9% effective ownership interest in TGT, which was formed as another joint venture with Thai Life. TGT functions as the selling and distribution arm of TSML.

The details of the investment in TGT which is accounted for using the equity method are as follows:

	2023	2022
Current assets	P18	P18
Current liabilities	(989)	(986)
Net liabilities	(971)	(968)
Percentage of ownership	44.9%	44.9%
Amount of investment in joint venture	P -	P -
Carrying amount of investment in joint venture - net	P -	P -
	2023	2022
Sales	P0.1	P12
Cost of sales	(0.1)	(10)
Operating expenses	(0.2)	(1)
Net loss	(0.2)	1
Percentage of ownership	44.9%	44.9%
Share in net loss	-	-
Share in other comprehensive loss	-	-
Total comprehensive loss	P -	P -

GSML discontinued recognizing its share in the net liabilities of TGT since the cumulative losses including the share in other comprehensive loss already exceeded the cost of investment. If TGT reports profits subsequently, GSML resumes recognizing its share of those profits after its share of the profits equals the share of net losses not recognized. Unrecognized share in net liabilities amounted to P371 and P435 as at December 31, 2023 and 2022, respectively.

Financial Assets at FVOCI

The Group's financial assets at FVOCI pertain to investments in shares of stock and other equity securities.

The Group's financial assets at FVOCI are as follows:

	Note	2023	2022
Redeemable perpetual securities		P5,580	P5,575
Other Equity Securities		48	68
	33, 34	P5,628	P5,643

On August 4, 2020, SMB, through San Miguel Brewing International Ltd. (SMBIL), signed a subscription agreement with SMC for the subscription of the latter's redeemable perpetual securities (RPS) with aggregate face value amount of \$100 or P4,850. The RPS are direct, unconditional, unsecured and subordinated capital securities with no fixed redemption date. SMBIL will have the right to receive distribution at 2.5% per annum, payable quarterly in arrears every November 5, February 5, May 5 and August 5 of each year commencing on November 5, 2020. SMC has a right to defer this distribution under certain conditions. SMBIL received dividend income amounting to P139 and P136 for the years ended December 31, 2023 and 2022, respectively and are presented as part of "Other income - net" in the consolidated statements of income.

The methods and assumptions used to estimate the fair value of financial assets at FVOCI are discussed in Note 34.

Financial Assets at Amortized Cost

As of December 31, 2023, the Group has investment in debt instruments amounting to P11,500, with interest rates from 7.45% to 7.85%, and maturities up to 2029 (Note 33).

13. Property, Plant and Equipment

This account consists of:

	Note	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2022		P16,300	P34,680	P87,932	P4,179	P1,576	P26,170	P170,837
Additions		7	524	203	62	12	18,770	19,578
Disposals		(2)	(51)	(572)	(154)	(3)	-	(782)
Reclassifications		225	4,371	5,521	2,053	204	(11,559)	815
Currency translation adjustments		63	335	665	29	-	6	1,098
December 31, 2022		16,593	39,859	93,749	6,169	1,789	33,387	191,546
Acquisition of a subsidiary		1,202	-	-	-	-	-	1,202
Additions		2	353	468	254	22	15,137	16,236
Disposals		(6)	(144)	(769)	(239)	(14)	(6)	(1,178)
Reclassifications		880	3,740	8,022	1,067	355	(14,526)	(462)
Currency translation adjustments		5	(127)	(346)	(4)	-	-	(472)
December 31, 2023		18,676	43,681	101,124	7,247	2,152	33,992	206,872
Accumulated Depreciation								
January 1, 2022		1,550	11,177	49,513	3,161	420	-	65,821
Depreciation	25	221	1,030	3,447	508	88	-	5,294
Disposals		(2)	(23)	(565)	(151)	-	-	(741)
Reclassifications		(7)	(1)	(154)	8	4	-	(150)
Currency translation adjustments		2	175	363	23	-	-	563
December 31, 2022		1,764	12,358	52,604	3,549	512	-	70,787
Depreciation	25	218	1,189	3,775	678	102	-	5,962
Disposals		(6)	(101)	(672)	(232)	(14)	-	(1,025)
Reclassifications		(70)	(397)	27	29	(4)	-	(415)
Currency translation adjustments		1	(42)	(145)	(3)	-	-	(189)
December 31, 2023		1,907	13,007	55,589	4,021	596	-	75,120

Forward

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Accumulated Impairment Losses							
January 1, 2022	P38	P3,392	P10,427	P73	P1	P -	P13,931
Disposals	-	(4)	(1)	(3)	-	-	(8)
Reclassifications	(38)	(1)	(29)	-	-	-	(68)
Currency translation adjustments	-	28	262	3	-	-	293
December 31, 2022	-	3,415	10,659	73	1	-	14,148
Disposals	-	(42)	(79)	(6)	-	-	(127)
Currency translation adjustments	-	(72)	(196)	(1)	-	-	(269)
December 31, 2023	-	3,301	10,384	66	1	-	13,752
Carrying Amount							
December 31, 2022	P14,829	P24,086	P30,486	P2,547	P1,276	P33,387	P106,611
December 31, 2023	P16,769	P27,373	P35,151	P3,160	P1,555	P33,992	P118,000

Depreciation recognized in the consolidated statements of income amounted to P5,962, P5,294 and P5,061 in 2023, 2022 and 2021, respectively (Note 25).

The Group has interest amounting to P1,155, P753 and P545 which were capitalized in 2023, 2022 and 2021, respectively. The capitalization rates used to determine the amount of interest eligible for capitalization ranged from 3.35% to 6.84%, 3.35% to 4.47% and 2.95% to 7.03% in 2023, 2022 and 2021, respectively. The unamortized capitalized borrowing costs amounted to P3,092 and P2,500 as at December 31, 2023 and 2022, respectively.

The accumulated impairment losses of unutilized machinery and equipment of GSMI amounted to P308 as at December 31, 2023 and 2022.

Certain fully depreciated property, plant and equipment with aggregate cost of P42,538 and P40,714 as at December 31, 2023 and 2022, respectively, are still being used in the Group's operations.

14. Right-of-Use Assets

The movements in this account are as follows:

	Note	Land, Land and Leasehold Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Total
Cost						
January 1, 2022		P3,999	P2,523	P33	P441	P6,996
Additions		1,019	232	-	17	1,268
Disposals/reclassifications		(27)	(192)	(2)	(19)	(240)
Currency translation adjustments		45	1	3	-	49
December 31, 2022		5,036	2,564	34	439	8,073
Additions		11	163	-	30	204
Disposals/reclassifications		70	(394)	-	(103)	(427)
Currency translation adjustments		(23)	3	2	1	(17)
December 31, 2023		5,094	2,336	36	367	7,833
Accumulated Depreciation						
January 1, 2022		969	789	6	408	2,172
Depreciation	25	281	445	4	32	762
Reclassifications		-	(120)	(2)	(14)	(136)
Currency translation adjustments		16	-	-	-	16
December 31, 2022		1,266	1,114	8	426	2,814
Depreciation	25	286	368	5	19	678
Reclassifications		24	(285)	-	(105)	(366)
Currency translation adjustments		(12)	(2)	-	-	(14)
December 31, 2023		1,564	1,195	13	340	3,112
Accumulated Impairment Losses						
January 1, 2022		77	-	-	-	77
Currency translation adjustments		11	-	-	-	11
December 31, 2022 and 2023		88	-	-	-	88
Carrying Amount						
December 31, 2022		P3,682	P1,450	P26	P13	P5,171
December 31, 2023		P3,442	P1,141	P23	P27	P4,633

The Group recognized right-of-use assets for leases of office space, warehouse, factory facilities and parcels of land. The leases typically run for a period of one to fifty years. Some leases contain an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals. The renewal option provides operational flexibility in managing the leased asset portfolio and aligns the business needs of the Group.

The Group recognized interest expense related to these leases amounting to P381, P403 and P354 in 2023, 2022 and 2021, respectively (Note 27). The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The expenses relating to short-term leases and leases of low-value assets amounted to P365, P368 and P502 in 2023, 2022 and 2021, respectively.

The Group had total cash outflows for leases of P1,476, P1,439 and P1,444 in 2023, 2022, and 2021 respectively (Note 32).

15. Investment Property

The movements in this account are as follows:

	Note	Land and Land Improvements	Land Use Rights	Buildings and Improvements	Total
Cost					
January 1, 2022		P2,581	P665	P829	P4,075
Additions		2	5	-	7
Reclassifications		221	-	(10)	211
Currency translation adjustments		-	62	69	131
December 31, 2022		2,804	732	888	4,424
Disposals		(3)	-	-	(3)
Reclassification		(58)	-	10	(48)
Currency translation adjustments		-	(6)	(7)	(13)
December 31, 2023		2,743	726	891	4,360
Accumulated Depreciation					
January 1, 2022		-	267	415	682
Depreciation	25	-	17	21	38
Reclassification		-	-	(5)	(5)
Currency translation adjustments		-	25	38	63
December 31, 2022		-	309	469	778
Depreciation	25	-	17	21	38
Reclassification		-	-	5	5
Currency translation adjustments		-	(3)	(3)	(6)
December 31, 2023		-	323	492	815
Accumulated Impairment Losses					
December 31, 2022 and 2023		8	-	-	8
Carrying Amount					
December 31, 2022		P2,796	P423	P419	P3,638
December 31, 2023		P2,735	P403	P399	P3,537

No impairment loss was recognized in 2023, 2022 and 2021.

There are no other direct selling and administrative expenses other than depreciation and real property taxes arising from investment property that generated income in 2023, 2022 and 2021.

The fair value of investment property amounting to P13,324 and P12,825 as at December 31, 2023 and 2022, respectively, has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques (Note 4).

The fair value of investment property was determined either by external, independent property appraisers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent appraisers or the credit management group of the Parent Company provide the fair value of the Group's investment property on a regular basis.

Valuation Technique and Significant Unobservable Inputs

The valuation of investment property applied the following approaches:

Sales Comparison Approach. The market value was determined using the Sales Comparison Approach. The comparative approach considers the sale of similar or substitute property, registered within the vicinity, and the related market data. The estimated value is established by process involving comparison. The property being valued is then compared with sales of similar property that have been transacted in the market. Listings and offerings may also be considered. The observable inputs to determine the market value of the property are the following: location characteristics, size, time element, quality and prospective use, bargaining allowance and marketability.

Income Approach. The rental value of the subject property was determined using the Income Approach. Under the Income Approach, the market value of the property is determined first, and then proper capitalization rate is applied to arrive at its rental value. The rental value of the property is determined on the basis of what a prudent lessor or a prospective lessee are willing to pay for its use and occupancy considering the prevailing rental rates of similar property and/or rate of return a prudent lessor generally expects on the return on its investment. A study of current market conditions indicates that the return on capital for similar real estate investment ranges from 3% to 5%.

The valuation using the Income Approach considers the capitalization of net rent income receivable from existing tenancies and the reversionary value of the property after tenancies expire by reference to market sales transactions. The significant unobservable input in the fair value measurement is the discount rate, which ranged from 2% to 4% and 2% to 4% in 2023 and 2022, respectively.

16. Goodwill and Other Intangible Assets

This account consists of:

	2023	2022
Goodwill	P996	P996
Other intangible assets	39,444	39,365
	P40,440	P40,361

Other intangible assets consist of:

	2023	2022
Trademarks and brand names	P37,030	P37,047
Licenses	2,133	2,126
Computer software and licenses	216	127
Formulas and recipes	58	58
Franchise	7	7
	P39,444	P39,365

The movements in other intangible assets with indefinite useful lives are as follows:

	Trademarks and Brand Names	Licenses	Formulas and Recipes and Franchise	Total
Cost				
January 1, 2022	P37,573	P2,011	P65	P39,649
Reclassification	(446)	-	-	(446)
Cumulative translation adjustments	174	115	-	289
December 31, 2022	37,301	2,126	65	39,492
Cumulative translation adjustments	(19)	7	-	(12)
December 31, 2023	37,282	2,133	65	39,480
Accumulated Impairment Losses				
January 1, 2022	620	-	-	620
Reclassification	(386)	-	-	(386)
Cumulative translation adjustments	20	-	-	20
December 31, 2022	254	-	-	254
Cumulative translation adjustments	(2)	-	-	(2)
December 31, 2023	252	-	-	252
Carrying Amount				
December 31, 2022	P37,047	P2,126	P65	P39,238
December 31, 2023	P37,030	P2,133	P65	P39,228

The movements in other intangible assets with finite useful lives are as follows:

	Note	Computer Software and Licenses
Cost		
January 1, 2022		P1,364
Additions		22
Disposals/reclassifications		(48)
Cumulative translation adjustments		8
December 31, 2022		1,346
Additions		111
Disposals/reclassifications		29
Cumulative translation adjustments		(1)
December 31, 2023		1,485
Accumulated Amortization		
January 1, 2022		1,228
Amortization	25	46
Disposals/reclassifications		(68)
Cumulative translation adjustments		8
December 31, 2022		1,214
Amortization	25	52
Disposals/reclassifications		(1)
Cumulative translation adjustments		(1)
December 31, 2023		1,264
Accumulated Impairment Losses		
December 31, 2022 and 2023		5
Carrying Amount		
December 31, 2022		P127
December 31, 2023		P216

Goodwill, licenses, trademarks and brand names, formulas and recipes, and franchise with indefinite lives acquired through business combinations, have been allocated to individual cash-generating units, for impairment testing as follows:

	2023		2022	
	Goodwill	Licenses, Trademarks and Brand Names, Formulas and Recipes and Franchise	Goodwill	Licenses, Trademarks and Brand Names, Formulas and Recipes and Franchise
Food	P177	P3,352	P177	P3,356
Spirits	819	-	819	-
Beer and NAB	-	35,876	-	35,882
Total	P996	P39,228	P996	P39,238

Goodwill

The recoverable amount of goodwill has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit to arrive at its terminal value. The growth rates used which range from 3% to 5% in 2023 and 2022 are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections ranged from 8% to 11% in 2023 and 8% to 11% in 2022. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

No impairment loss was recognized for goodwill in 2023, 2022 and 2021.

Trademarks and Brand Names

The recoverable amount of trademarks and brand names has been determined based on a valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at its terminal value. The growth rates used which range from 2% to 5% in 2023 and 2022, are based on strategies developed for each business and include the Group's expectations of market developments and past historical performance. The discount rates applied to after tax cash flow projections range from 7% to 12% and 6.5% to 12% in 2023 and 2022, respectively. The recoverable amount of trademarks and brand names has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

Management's calculations are updated to reflect the most recent developments as at reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make. Management also considered the expected improvement of the economy in 2023, the lifting of liquor bans, consumer spending and expected increase in revenues through its promotional strategies.

The operation of La Pacita biscuits was decided to completely cease in October 2021 and the Company has recognized impairment on its acquired trademarks amounting to P386, reducing its brand value. In 2022, net amount of P60 of La Pacita trademarks were reclassified to Assets held for sale, which was eventually disposed in March 10, 2023.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts is based would not cause their carrying amounts to exceed their recoverable amounts.

The calculations of value in use (terminal value) are most sensitive to the following assumptions:

Gross Margins. Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.

Discount Rate. The risk-adjusted weighted average cost of capital is used as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Raw Material Price Inflation. Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

17. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2023	2022
Deferred containers - net	4	P24,910	P24,462
Deposits on land for future development		2,442	1,029
Idle Assets - net		1,327	832
Noncurrent receivables and deposits - net	4, 30, 33, 34	183	156
Others	29, 30	1,410	1,937
		P30,272	P28,416

The movements in the deferred containers are as follows:

	<i>Note</i>	2023	2022
Gross Carrying Amount			
Balance at beginning of year		P46,063	P44,221
Additions		6,948	3,932
Disposals/reclassifications		(2,259)	(2,081)
Currency translation adjustments		34	(9)
Balance at end of year		50,786	46,063
Accumulated Depreciation			
Balance at beginning of year		20,510	17,667
Depreciation	25	5,039	4,076
Disposals/reclassifications		(596)	(1,237)
Currency translation adjustments		(5)	4
Balance at end of year		24,948	20,510
Accumulated Impairment			
Balance at beginning of year		1,091	737
Impairment		487	1,187
Disposals/reclassification		(650)	(833)
		928	1,091
		P24,910	P24,462

“Others” include pallets, kegs and CO2 cylinders, defined benefit retirement asset and other noncurrent assets.

“Noncurrent receivables and deposits” and “Others” accounts include amounts owed by related parties amounting to P317 and P227 as at December 31, 2023 and 2022, respectively (Note 30).

The methods and assumptions used to estimate the fair values of noncurrent receivables and deposits are discussed in Note 34.

18. Loans Payable

This account consists of peso-denominated short-term borrowings amounted to P14,684 and P21,055 as at December 31, 2023 and 2022, respectively (Notes 33 and 34)

Loans payable mainly represent unsecured peso and foreign currency-denominated amounts obtained from local and foreign banks. Interest rates for peso-denominated loans ranged from 4.75% to 6.85% and 3.50% to 7.75% in 2023 and 2022, respectively (Note 27).

Changes in liabilities arising from financing activities are as follows:

	2023	2022
Balance as at January 1	P21,055	P5,191
Changes from Financing Activities		
Proceeds from borrowings	227,369	100,543
Payments of borrowings	(233,740)	(84,679)
Total Changes from Financing Activities	(6,371)	15,864
Balance as at December 31	P14,684	P21,055

19. Trade Payables and Other Current Liabilities

This account consists of:

	Note	2023	2022
Trade		P11,887	P14,273
Non-trade		27,912	24,636
Amounts owed to related parties	30	17,032	15,426
Derivative liabilities	33, 34	80	204
Containers deposit		6,730	6,390
Others		1,647	1,607
	33, 34	P65,288	P62,536

Trade payables are non-interest bearing and are generally on a 30 to 60-day term.

Non-trade payables include accruals for various selling and administrative expenses.

“Others” include accruals for payroll, interest, repairs and maintenance, freight, trucking and handling and other payables.

The methods and assumptions used to estimate the fair value of derivative liabilities are discussed in Note 34.

20. Long-term Debt

This account consists of:

	<i>Note</i>	2023	2022
Bonds:			
Series H bonds, fixed interest rate of 6.00% maturing in 2024 (a)		P2,538	P2,534
Series A bonds, fixed interest rates of 5.05% maturing 2025 (b)		7,973	7,951
Series B bonds, fixed interest rates of 5.25% maturing 2027 (b)		6,954	6,941
Term note:			
Fixed interest rate of 3.80% to 6.84% with maturities up to 2027 (c)		38,789	33,795
Fixed interest rate of 4.2105% with maturities up to 2023 (d)		-	165
Fixed interest rate of 3.5483% maturing in 2029 (e)		9,804	9,945
Floating interest rate based on 3-month BVAL plus margin or 28-day BSP Term Deposit Auction Facility (BSP TDF) plus margin, whichever is higher, maturing in 2029 (e)		7,842	7,956
Fixed interest rate of 3.2840% with maturities up to 2026 (f)		1,940	1,992
Fixed interest rate of 3.846% (g)		6,970	6,960
	33, 34	82,810	78,239
Less current maturities		12,871	506
		P69,939	P77,733

Bonds

- (a) The amount represents unsecured long-term debt incurred by SMB: (a) to support the redemption of the Series A bonds which matured on April 3, 2012; (b) to support the partial prepayment of the US\$300 unsecured loan facility agreement (which was paid in full in 2013); and (c) to support the redemption of the Series B bonds which matured on April 4, 2014.

SMB's Philippine peso-denominated fixed rate bonds are comprised of the (a) Series F bonds in the aggregate principal amount of P7,000 which were part of SMB's P20,000 bonds (P20,000 Bonds) that were issued on April 4, 2012 (P20,000 Bonds Issue Date) and which matured on April 2, 2022; and (b) Series H bonds in the aggregate principal amount of P2,538 which remained outstanding of the P15,000 (P15,000 Bonds) which were issued on April 2, 2014 (P15,000 Bonds Issue Date).

The Series F bonds (with a term of ten years from the P20,000 Bonds Issue Date) were sold to the public pursuant to a registration statement that was rendered effective, and permit to sell issued, by the SEC on March 16, 2012, and were listed on the PDEX for trading on April 2, 2012. The Series F bonds matured on April 2, 2022 and were accordingly redeemed by SMB on the said date. SMB used the proceeds of the term loan drawn on April 1, 2022 to finance the maturity of the Series F bonds.

The P15,000 Bonds originally consisted of the Series G bonds (with a term of seven years from the P15,000 Bonds Issue Date) and Series H bonds (with a term of ten years from the P15,000 Bonds Issue Date) were sold to the public pursuant to a registration statement that was rendered effective, and permit to sell issued, by the SEC on March 17, 2014 and were listed on the PDEX for trading on April 2, 2014. The Series G bonds with an aggregate principal amount of P12,462 matured on April 5, 2021 and were accordingly redeemed by SMB on the said date using proceeds from term loans and available. Only the Series H bonds remain outstanding of the P15,000 Bonds. Unamortized debt issue costs related to the Series H bonds amounted to P4 as of December 31, 2022.

Interest on the Series F bonds were paid semi-annually every April 2 and October 2 of each year. Interest on the P15,000 Bonds are paid every April 2 and October 2 of each year (each, a P15,000 Bonds Interest Payment Date). SMB may also (but shall likewise not be obligated to) redeem all (and not a part only) of the outstanding P15,000 Bonds on the 11th P15,000 Bonds Interest Payment Date for the Series G bonds, and on the 14th, 16th or 18th P15,000 Bonds Interest Payment Dates for the Series H bonds. The Series H bonds will mature on April 2, 2024.

Under the trust agreement for the Series H bonds, SMB is required to comply with two financial covenants: minimum interest coverage ratio of 4.75 and maximum debt to equity ratio of 3.5, as well as non-financial covenants, such as among others, covenants relating to continued compliance with applicable laws; restrictions on engaging in businesses other than those prescribed under its articles of incorporation, merger and consolidation, disposal of all or substantially all of its assets, payment of dividends and redemption of capital stock in the event of default; maintenance of equality in priority of obligations; and negative pledge. As of December 31, 2023 and 2022, SMB was in compliance with its covenants for the Series H bonds.

- (b) On February 21, 2020, the SEC issued to SMFB the Permit to Sell P15,000 fixed rate bonds, consisting of five-year Series A Bonds due 2025 and seven-year Series B Bonds due on 2027.

The bonds were issued and listed in the PDEX on March 10, 2020.

The proceeds were used to redeem the outstanding FBP2 Shares and payment of transaction-related fees, costs and expenses.

The Series A Bonds and Series B Bonds have fixed interest rate equivalent to 5.050% per annum and 5.250% per annum, respectively and are carried at amortized cost. Unamortized debt issue costs as of December 31, 2023 and 2022 amounted to P27 and P46, and P49 and P70 for Series A and Series B, respectively.

Term Note

- (c) On December 19, 2022, SMB entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P10,000 to finance its capital expenditures. On December 20, 2022, SMB availed of P5,000 from the P10,000 loan facility. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 6.84% for two years, subject to repricing thereafter. The loan is payable in five years and will mature in December 2027. On February 21, 2023, the Company availed of P5,000 from the P10,000 loan facility. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 6.53% for two years, subject to repricing thereafter. The loan is payable in four years and ten months and will mature in December 2027.

On March 21, 2022, SMB entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P4,000 and P3,000 to be used to refinance the maturity of the Series F bonds which matured on April 2, 2022. The loans are carried at amortized cost and bears annual interest rates at Philippine peso fixed rate of 4.63% and 5.75%. The loans are payable in three years and five years, respectively.

On March 25, 2021, SMB entered into an agreement for unsecured, long-term, interest-bearing loans with several local banks amounting to P12,000 to be used to refinance the maturity of the Series G bonds which matured on April 5, 2021 and/or general corporate purposes. The loans are carried at amortized cost and bears annual interest rates at Philippine peso fixed-rate ranging from 3.80% to 4.15%. The loans are payable between five to seven years in accordance with the terms of the loan agreements.

On December 19, 2019, SMB entered into an agreement for an unsecured, long-term, interest-bearing loan with a local bank amounting to P10,000 to be used for general corporate purposes. The loan is carried at amortized cost and bears annual interest rate at Philippine peso fixed-rate of 4.63%. The loan is payable in five years and will mature in December 2024.

As at December 31, 2023 and 2022, the outstanding balance of the term loan amounted to P38,943 and P33,968, respectively. As at December 31, 2023 and 2022, the unamortized debt issue costs amounted to P154 and P174, respectively.

- (d) The amount represents drawdown by GSMI on December 28, 2020 from its three-year credit facility with a local bank amounting to P500. The loan is carried at amortized cost and payable semi-annually commencing in June 2021. The proceeds were used for general corporate requirements. On December 28, 2023, the loan was fully paid.

Unamortized debt issue costs amounted to P1 as at December 31, 2022.

- (e) On December 3, 2019, SMFI entered into an unsecured, long-term, interest-bearing loan from a local bank amounting to P18,000 for the purpose of refinancing its existing short-term loan obligations, funding capital expansion projects and for other general corporate requirements. On December 12, 2019, P10,000 was initially drawn down from the credit facility and the remaining balance of P8,000 were availed in various dates during 2020. The loan is payable for ten years, in quarterly installments which will commence in March 2023. The loan is initially subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to fixed rate within two years.

On December 14, 2020, SMFI exercised its one-time option to convert its P10,000 loan to fixed interest rate.

Unamortized debt issue costs amounted to P86 and P97 as at December 31, 2023 and 2022, respectively.

- (f) On December 11, 2019, SMMI entered into an unsecured, long-term, interest-bearing loan from a local bank amounting to P2,000 for the purpose of refinancing its existing short-term loans and used for general corporate requirements. On December 19, 2019, the loan was drawn down from the credit facility. The loan is carried at amortized cost, is initially priced on a floating rate basis, and bears an annual interest rate at Philippine peso rate of 4.72%. The loan is payable for seven years, in quarterly installments which will commence in March 2023. The loan is subject to a floating interest rate based on BVAL plus margin or BSP TDF overnight rate plus margin, whichever is higher with a one-time option to convert to a fixed interest rate within two years which is based on the applicable 7-Year PHP BVAL + 0.60%, payable quarterly and fixed for the entire term of the loan.

On December 19, 2020, the SMMI exercised its one-time option to convert to fixed interest rate for its P2,000 loan.

Unamortized debt issue costs amounted to P6 and P9 as at December 31, 2023 and 2022, respectively.

- (g) On September 24, 2021, PF-Hormel entered into an unsecured, long-term, interest-bearing loan from a local bank amounting to P7,000 for general corporate purposes, including but not limited to, the refinancing of existing indebtedness for borrowed money and/or capital expenditure. On September 29, 2021, the total amount of loan was withdrawn from credit facility. The loan shall be for a term of five years from the borrowing date and shall be payable in lump sum on the maturity date. Interest on the unpaid principal of the loan is payable on each interest payment date for the relevant interest period then ending.

Unamortized debt issue costs amount to P30 and P40 as of December 31, 2023 and 2022, respectively.

The Group is in compliance with the covenants of the debt agreements as at December 31, 2023 and 2022.

SMB

SMB is required to comply with two financial covenants: minimum interest coverage ratio of 4.75 for loans secured in 2019 and 2.0 for loans secured in 2021, 2022 and 2023, and maximum debt to equity ratio of 3.5 for all loans secured, as well as non-financial covenants, such as among others, covenants relating to continued compliance with applicable laws; restrictions on engaging in businesses other than those prescribed under its articles of incorporation, merger and consolidation, disposal of all or substantially all of material operating assets, payment of dividends, management bonuses and profits in the event of default; maintenance of equality in priority of obligations; and negative pledge.

GSMI

GSMI has to ensure that its debt-to-equity ratio will not exceed 3.5 times and earnings before income taxes, depreciation, and amortization (EBITDA) to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as all obligations evidenced by bonds, debentures, notes or other similar instruments while equity is total equity as shown in the consolidated statements of financial position. GSMI complied with the above requirements in 2022 with a debt-to-equity ratio of 0.011 as at December 31, 2022, and EBITDA to interest coverage ratio of 539.14 as at December 31, 2022.

SMFB

SMFB has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest expense ratio will not fall below 2.0 times. This loan defined total debt as all interest-bearing obligations evidenced by bonds, debentures, notes or other similar instruments while equity is total equity as shown in the consolidated statements of financial position. SMFB complied with the above requirements in 2023 and 2022 with a debt-to-equity ratio of 0.61 and 0.53 as at December 31, 2023, and 2022, respectively, and EBITDA to interest expense ratio of 14.06 and 17.73 as at December 31, 2023 and 2021, respectively.

SMFI

SMFI has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as the aggregate amount (without duplication) of all debt of SMFI while equity is the total assets minus total liabilities plus deposit for future subscription as reported in the separate statements of financial position. SMFI complied with the above requirements with a debt-to-equity ratio of 0.77 and 0.83 as at December 31, 2023 and 2022, respectively, and EBITDA to interest coverage ratio of 22.54 and 65.54 as at December 31, 2023 and 2022, respectively.

SMMI

SMMI has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as the aggregate amount (without duplication) of all debt of SMMI while equity is the total assets minus total liabilities plus deposit for future subscription as reported in the separate statements of financial position. SMMI complied with the above requirements with a debt-to-equity ratio of 0.88 and 1.28 as at December 31, 2023 and 2022, respectively, and EBITDA to interest coverage ratio of 5.90 and 5.42 as at December 31, 2023 and 2022, respectively.

PF-Hormel

PF-Hormel has to ensure that its debt-to-equity ratio will not exceed 3.5 times and EBITDA to interest coverage ratio will not fall below 2.0 times. This loan defined total debt as the aggregate amount (without duplication) of all debt of PF-Hormel while equity is the total assets minus total liabilities plus deposit for future subscription as reported in the separate statements of financial position. PF-Hormel complied with the above requirements with a debt-to-equity ratio of 0.83 and 1.28 as at December 31, 2023 and 2022 and EBITDA to interest coverage ratio of 8.47 and 14.64 as at December 31, 2023 and 2022, respectively.

Interest expense recognized in the consolidated statements of income follows:

	Note	2023	2022	2021
Bonds		P924	P1,040	P1,786
Term note		2,437	1,519	867
	27	P3,361	P2,559	P2,653

The movements in debt issue costs are as follows:

	Note	2023	2022
Balance at beginning of year		P434	P451
Additions		38	90
Amortization	27	(122)	(107)
Balance at end of year		P350	P434

Changes in liabilities arising from financing activities are as follows:

	2023	2022
Balance as at January 1	P78,239	P73,405
Changes from Financing Activities		
Proceeds from borrowings	4,963	11,910
Payments of borrowings	(514)	(7,183)
Total Changes from Financing Activities	4,449	4,727
Others	122	107
Balance as at December 31	P82,810	P78,239

Repayment Schedule

The annual maturities of long-term debt are as follows:

Year	Gross Amount	Debt Issue Costs	Net
2024	P12,881	P10	P12,871
2025	12,342	111	12,231
2026	19,128	56	19,072
2027	20,428	85	20,343
2028 and thereafter	18,381	88	18,293
	P83,160	P350	P82,810

Contractual terms of the Group's interest-bearing loans and borrowings and exposure to interest rate, foreign currency and liquidity risks are discussed in Note 33.

21. Equity

Capital Stock

As at December 31, 2023 and 2022, the Parent Company's common stock, at P1.00 par value per common share, consists of the following number of shares:

	2023	2022	2021
Issued shares at beginning of year	5,951,297,670	5,951,297,670	5,951,297,670
Treasury shares	(42,077,580)	(42,077,580)	(42,077,580)
Issued and outstanding at end of year	5,909,220,090	5,909,220,090	5,909,220,090
Authorized shares	11,600,000,000	11,600,000,000	11,600,000,000

As at December 31, 2023 and 2022, the Parent Company's preferred stock, at P10.00 par value per preferred share, consists of the following number of shares:

	2023	2022	2021
Issued shares at beginning of year	30,000,000	30,000,000	30,000,000
Treasury shares	(30,000,000)	(30,000,000)	(30,000,000)
Issued and outstanding at end of year	-	-	-
Authorized shares	40,000,000	40,000,000	40,000,000

Common Shares

As of December 31, 2016, prior to business reorganization, the Parent Company has a total of 166,667,096 issued and outstanding common shares held by a total of 132 common stockholders.

On November 3, 2017, the BOD of SMC approved the internal restructuring to consolidate its food and beverage businesses under SMFB. The corporate reorganization is expected to result in synergies in the food and beverage business units of the San Miguel Group, unlock greater shareholder value by providing a sizeable consumer vertical market under SMC, and provide investors direct access to the consumer business of the San Miguel Group through SMFB.

In this connection, the following corporate actions were approved by the BOD of the Parent Company on November 3, 2017: (a) amendments to the Articles of Incorporation to change/expand the primary purpose of SMFB to include the beverage business and accordingly change its corporate name from "San Miguel Pure Foods Company Inc." to "San Miguel Food and Beverage, Inc.", reduce the par value of SMFB's common shares from P10.00 per share to P1.00 per share, and deny pre-emptive rights for issuances or dispositions of all common shares (collectively, the "First Amendments"); (b) upon approval by the SEC of the First Amendments, the increase in SMFB's authorized capital stock by P9,540 divided into 9,540,000,000 common shares with a par value of P1.00 per share, and the amendment to the Articles of Incorporation to reflect such increase (the "Increase"); (c) the acquisition of all of SMC's common shares in San Miguel Brewery Inc. (SMB) and Ginebra San Miguel Inc. (GSMI) (collectively, the "Exchange Shares") and issuance by SMFB of 4,242,549,130 new common shares (the "New Shares") to SMC from the Increase, as consideration for the Exchange Shares; (d) the tender offer for SMB and GSMI shares held by minority shareholders, if required; and € the listing on the PSE of the additional shares resulting from the reduction of par value of common shares and the New Shares to be issued to SMC.

On January 18, 2018, the stockholders of SMFB, in its special stockholders' meeting, approved the foregoing corporate actions.

On March 14, 2018, the following amendments to the By-laws of SMFB were approved by the BOD of the Parent Company: (i) the change in corporate name to "San Miguel Food and Beverage, Inc." in the Title of the By-laws; (ii) the change in Official Seal of SMFB to reflect the said new corporate name in Article XI of the By-laws; and (iii) the disqualification for director in SMFB to the effect that persons engaged in any business that competes with or is antagonistic to that of SMFB are disqualified from sitting in the BOD of SMFB, in Article II, Section 1 of the By-laws (collectively, the "Corporate Name Related Amendments").

On March 23, 2018, the SEC approved the First Amendments to the Articles of Incorporation of SMFB.

On April 5, 2018, SMC and SMFB signed the Deed of Exchange of Shares pursuant to which SMC will transfer to SMFB the Exchange Shares at the total transfer value of P336,349. As consideration for its acquisition of the Exchange Shares, SMFB shall issue unto SMC the New Shares which will be taken out of the Increase. As such, the issuance of the New Shares to SMC and the transfer of the Exchange Shares to SMFB were conditioned upon the approval by the SEC of the Increase.

On May 11, 2018, the stockholders of SMFB, in its regular stockholders' meeting, approved the: (i) amendments to the By-laws of SMFB to reflect the Corporate Name Related Amendments, and (ii) delegation to management of the authority previously approved by the BOD on March 14, 2018, to sign, execute and deliver all documents on behalf of SMFB, as well as to take all other actions in order for SMFB to comply with the minimum public ownership requirement of the SEC and PSE for publicly listed companies, including the offer and issuance of new common shares to the public.

On June 18, 2018, the SEC approved the Corporate Name Related Amendments to the By-laws of SMFB.

On June 29, 2018, the SEC approved the Increase by virtue of the issuance to SMFB of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation. As a result of the approval of the Increase, which involved the issuance by SMFB of the New Shares to SMC in consideration for the Exchange Shares, the consolidation of the food and beverage businesses of SMC under SMFB was completed.

With the approval of the Increase, the SEC consequently accepted and approved the transfer value of the Exchange Shares amounting to P336,349, the investment value of SMFB in SMB and GSML.

As the issuance of the New Shares resulted in SMFB's public ownership level falling below the minimum ten percent (10%) requirement under the PSE's Amended Rule on Minimum Public Ownership ("MPO Rule"), the PSE suspended the trading of SMFB's common and preferred shares (collectively, the "FB Shares") commencing July 6, 2018 and until SMFB is able to secure a favorable ruling/opinion from the Bureau of Internal Revenue (BIR) on the appropriate taxes to be imposed on the trades of FB Shares through the PSE during the period not exceeding six months (the "MPO Exemption Period").

On July 20, 2018, SMFB received BIR Ruling No. 1092-2018 which confirmed that the share swap and the follow-on offer of common shares and all trades of FB Shares through the PSE during the MPO Exemption Period are not subject to capital gains tax of 15% under of Revenue Regulations (RR) No.16-2012 as amended by RR No. 11-2018 (TRAIN Law), and that the stock transaction tax at the rate of six-tenths of one percent (6/10 of 1%) shall be imposed on all trades through the PSE of FB Shares during the same period. The temporary exemption is effective until December 31, 2018. On July 23, 2018, the PSE lifted the trading suspension of FB Shares.

On September 19, 2018, SMFB filed with the PSE an Application for Listing of Stocks, for the listing of the New Shares issued by SMFB to SMC. The PSE issued a Notice of Approval for the listing of the New Shares on November 5, 2018 and such shares were listed with the PSE effective November 9, 2018.

On October 12, 2018, the BIR issued BIR Certification No. 010-2018, which confirmed the tax-free transfer by SMC of the Exchange Shares, in consideration for the New Shares. On October 31, 2018, the BIR issued the Electronic Certificate Authorizing Registration (eCAR) covering this transaction. The Exchange Shares were issued and registered in the name of SMFB in the stock and transfer books of SMB and GSML, as the case may be, on November 5, 2018.

On October 26, 2018, the SEC issued the Order of Registration of Securities and Certificate of Permit to Offer Securities for Sale relating to the offer of up to 1,020,050,000 common shares in SMFB owned by SMC in a secondary sale transaction to institutional investors inclusive of the PSE Trading Participants' share allocation at an offer price of P85.00 per share.

On November 12, 2018, the secondary offering was completed. A total of 400,940,590 SMFB common shares plus the over-allotment option of 60,141,090 SMFB common shares owned by SMC have been sold at a price of P85.00 per share to institutional investors inclusive of the PSE Trading Participants' share allocation, for a total amount of P39,192 million. With the completion of the offering, SMFB is compliant with the MPO Rule.

As at December 31, 2023 and 2022, the Parent Company has a total of 178 and 177 common stockholders, respectively.

Preferred Shares issued and listed with the PSE on March 3, 2011

A summary of the Terms of the Offer is set out below:

The Parent Company, through its underwriters and selling agents, offered 15,000,000 cumulative, non-voting, non-participating and non-convertible preferred shares at an offer price of P1,000.00 per share during the period February 14 to 25, 2011. The dividend rate was set at 8% per annum with dividend payment dates on March 3, June 3, September 3 and December 3 of each year calculated on a 30/360-day basis, as and if declared by the BOD. The preferred shares are redeemable in whole or in part, in cash, at the sole option of the Parent Company, at the end of the 5th year from issuance date or on any dividend payment date thereafter, at the price equal to the issue price plus any accumulated and unpaid cash dividends. Optional redemption of the preferred shares prior to 5th year from issuance date was provided under certain conditions (i.e., accounting, tax or change of control events), as well as on the 3rd anniversary from issuance date or on any dividend payment date thereafter, as and if declared by the BOD. Unless the preferred shares are redeemed by the Parent Company on its 5th year anniversary, the dividend rate shall be adjusted thereafter to the higher of the dividend rate of 8% or the ten-year PDST-F rate prevailing on the optional redemption date plus 3.33% per annum.

On February 3, 2015, the Parent Company's BOD approved the redemption on March 3, 2015 of the 15,000,000 outstanding preferred shares issued on March 3, 2011 at the redemption price of P1,000.00 per share.

The redemption price and all accumulated unpaid cash dividends were paid on March 3, 2015 to relevant stockholders of record as at February 17, 2015. The redeemed preferred shares thereafter became part of the Parent Company's treasury shares.

Perpetual Series "2" Preferred Shares Issued and Listed with the PSE on March 12, 2015

On January 20, 2015, the BOD of the PSE approved, subject to SEC approval and certain conditions, the application of the Parent Company to list up to 15,000,000 perpetual series "2" preferred shares (FBP2 Shares) with a par value of P10.00 per share to cover the Parent Company's preferred shares offering at an offer price of P1,000.00 per share and with a dividend rate to be determined by management.

On February 5, 2015, the SEC favorably considered the Parent Company's Registration Statement covering the registration of up to 15,000,000 FBP2 Shares at an offer price of P1,000.00 per share (the "FBP2 Shares Offering"), subject to the conditions set forth in the pre-effective letter issued by the SEC on the same date.

On February 9, 2015, the PSE issued, subject to certain conditions, the Notice of Approval on the Parent Company's application to list up to 15,000,000 FBP2 Shares with a par value of P10.00 per share to cover the FBP2 Shares Offering at an offer price of P1,000.00 per share and with a dividend rate still to be determined by management on February 11, 2015, the dividend rate setting date.

On February 11, 2015, further to the authority granted by the Parent Company's BOD to management during the BOD meetings on November 5, 2014 and February 3, 2015 to fix the terms of the FBP2 Shares Offering, management determined the terms of the FBP2 Shares (Terms of the Offer), including the initial dividend rate for the FBP2 Shares at 5.6569% per annum.

A summary of the Terms of the Offer is set out below:

The Parent Company, through its underwriters and selling agents, offered up to 15,000,000 cumulative, non-voting, non-participating and non-convertible peso-denominated perpetual series 2 preferred shares at an offer price of P1,000.00 per share during the period February 16 to March 5, 2015. The dividend rate was set at 5.6569% per annum with dividend payable once for every dividend period defined as (i) March 12 to June 11, (ii) June 12 to September 11, (iii) September 12 to December 11, or (iv) December 12 to March 11 of each year, calculated on a 30/360-day basis, as and if declared by the BOD. The series 2 preferred shares are redeemable in whole and not in part, in cash, at the sole option of the Parent Company, on the 3rd anniversary of the listing date or on any dividend period thereafter, at the price equal to the offer price plus any accumulated and unpaid cash dividends. The series 2 preferred shares may also be redeemed in whole and not in part, under certain conditions (i.e., accounting, tax or change of control events). Unless the series 2 preferred shares are redeemed by the Parent Company on the 5th year anniversary of the listing date, the dividend rate shall be adjusted thereafter to the higher of the dividend rate of 5.6569% or the 3-day average of the 7-year PDST-R2 plus 3.75%.

On February 12, 2015, the SEC rendered effective the Registration Statement and other papers and documents attached thereto filed by the Parent Company, and issued the Order of Registration of up to 15,000,000 FBP2 Shares at an offer price of P1,000.00 per share. The Certificate of Permit to Offer Securities for Sale was issued by the SEC on the same date.

On March 12, 2015, the Parent Company's 15,000,000 FBP2 Shares with par value of P10.00 per share were issued and listed with the PSE.

The proceeds from the issuance of FBP2 Shares, net of transaction costs, amounted to P14,885.

On February 3, 2020, the Parent Company's BOD approved the redemption on March 12, 2020 of the 15,000,000 outstanding FBP2 shares issued on March 12, 2015 at the redemption price of P1,000.00 per share.

The redemption price and all accumulated unpaid cash dividends shall be paid on March 12, 2020 to relevant stockholders of record as at February 17, 2020.

Treasury Shares

Treasury shares, totaling 42,077,580 common shares as at December 31, 2023 and 2022, and 30,000,000 preferred shares as at December 31, 2023 and 2022, respectively, are carried at cost.

Retained Earnings

Unappropriation

The Group's unappropriated retained earnings includes the accumulated earnings in subsidiaries which is not available for declaration as dividends until declared by the respective investees.

The Parent Company's retained earnings as at December 31, 2023 and 2022 is restricted in the amount of P182 representing the cost of common shares held in treasury.

Appropriation

On March 7, 2023, the BOD of SMB approved additional appropriations of P10,000 of its retained earnings for the repayment of a term loan with a local bank secured in December 2022 and P2,538 for the redemption of the Series H bonds which will mature in April 2024.

On June 1, 2023, the BOD of SMFI appropriated an additional P8,000 of its retained earnings for its port and grain terminal projects which are expected to be completed within the next five years.

On December 2, 2022, the BOD of SMB appropriated an additional P7,000 of its retained earnings for the repayment of its term loans with various banks entered in 2022 and P200 for the construction projects in Novaliches and Sariaya, Quezon. Target completion date of Novaliches and Sariaya, Quezon projects is in November 2025 and December 2027, respectively.

On June 13, 2022, the BOD of SMFI approved the reversal of previous appropriations of P8,000 in 2015 and 2018 for the on-going expansion projects, and the appropriation of P9,000 for its succeeding feedmill expansion projects that are expected to be completed within the next four years.

On December 3, 2021, the BOD of SMB approved additional appropriations of P16,211 of its retained earnings for the repayment of the SMB's term loans with various banks entered in 2021 and construction of malt terminal in Lucanin Bataan. P71 and P437 were disbursed in 2023 and 2022, respectively while P31 was paid to a local bank for partial payment of principal in 2022. The appropriations to the extent disbursed were accordingly reversed. Lucanin project is expected to be completed in April 2025.

On November 10, 2021, the BOD of GSMI approved the appropriation of P3,512 retained earnings, of the said amount, P3,000 will be used for expansion of capacity to support increase in demand and P512 will be used for rehabilitation of its existing facilities until 2027.

On December 4, 2020, the BOD of SMB approved additional appropriations amounting to P17,000 of its retained earnings for the repayment of the term loan entered in 2019 and redemption of the Series F bonds in April 2022. The P7,000 appropriation for the redemption of SMB's Series F bonds was reversed upon the redemption of the said bonds in April 2022.

On December 4, 2019, the BOD of SMB approved additional appropriations amounting to P19,962 of its retained earnings for the redemption of the Series G bonds in April 2021 and capacity expansion of SMB's brewery to support volume growth. A total of P17,462 has been disbursed and accordingly reversed from 2020 to 2021. Out of the remaining P2,500 appropriation will be used for the capacity expansion of Bacolod Brewery, P558 and P878 were disbursed in 2023 and 2022, respectively and were accordingly reversed. The remaining amount of the appropriation pertains to support facilities expected to be completed in December 2024.

Of the P11,600 appropriations in 2018 for the construction of a new brewery and for the construction of brewhouse and cellars in Sta. Rosa, Laguna. A total of P11,000 has been disbursed and accordingly from 2019 to 2021. Out of the remaining P600, P126 and P177 were disbursed in 2023 and 2022, were accordingly reversed, respectively and were accordingly reversed. The remaining amount of the appropriation pertains to support facilities expected to be completed in December 2024.

Dividend Declaration

The BOD of the Parent Company approved the declaration and payment of the following cash dividends to common and preferred stockholders:

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 2, 2023	February 17, 2023	March 3, 2023	P0.40
	May 9, 2023	May 24, 2023	June 8, 2023	0.40
	August 2, 2023	August 16, 2023	September 1, 2023	0.95
	November 8, 2023	November 22, 2023	December 7, 2023	0.95

2022

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 3, 2022	February 18, 2022	March 3, 2022	P0.40
	May 4, 2022	May 19, 2022	June 3, 2022	0.40
	August 3, 2022	August 18, 2022	September 2, 2022	0.66
	November 9, 2022	November 23, 2022	December 9, 2022	0.66

Some of the Group's subsidiaries have adjusted unrestricted retained earnings per SEC Revised Securities Regulation Code Rule 68 that exceed their paid-in capital as at December 31, 2023.

Equity Adjustments from Common Control Transactions

The "Equity adjustments from common control transactions" account relate to the acquisition of SMB and GSMI by SMFB through a share swap transaction with SMC in 2018, arising from the difference between the consideration transferred and the net assets acquired. The acquisition is considered to be a business combination of entities under common control as the combining entities are all under the common control of SMC before and after the acquisition. The Group recognized the assets acquired and liabilities assumed at their carrying amounts in the consolidated financial statements of SMC. The carrying amounts in the consolidated financial statements of SMC are based on the fair values of assets and liabilities as of the date SMB and GSMI became subsidiaries of SMC and adjusted for subsequent transactions. Any goodwill relating to SMB and GSMI recognized in the consolidated financial statements of SMC is also recognized.

22. Revenues

This account consists of:

	Note	2023	2022	2021
Sale of goods		P379,792	P358,811	P309,730
Service revenues and others		22	25	22
Fair valuation adjustments on agricultural produce - net	9	8	17	26
		P379,822	P358,853	P309,778

23. Cost of Sales

This account consists of:

	<i>Note</i>	2023	2022	2021
Inventories	9	P158,027	P150,282	P124,729
Taxes and licenses		91,510	83,491	71,964
Depreciation and amortization	25	9,097	7,809	7,138
Communications, light, fuel and water		8,943	9,452	6,010
Personnel	26	5,001	4,359	3,894
Freight, trucking and handling		4,117	4,186	3,523
Repairs and maintenance		1,648	1,231	1,262
Rent	4, 32	205	222	240
Write-down of inventories to net realizable value	9	57	6	45
Others		617	442	501
		P279,222	P261,480	P219,306

24. Selling and Administrative Expenses

This account consists of:

	2023	2022	2021
Selling	P35,212	P32,009	P29,436
Administrative	16,977	16,653	17,341
	P52,189	P48,662	P46,777

Selling expenses consist of:

	<i>Note</i>	2023	2022	2021
Freight, trucking and handling		P9,561	P9,391	P8,110
Advertising and promotions		6,678	6,022	5,619
Depreciation and amortization	25	6,088	4,977	3,758
Contracted services		4,667	3,822	4,176
Personnel	26	3,752	3,508	3,323
Rent	4, 32	1,651	1,626	1,493
Write-down of inventories to net realizable value	9	603	1,287	872
Taxes and licenses		545	500	455
Others		1,667	876	1,630
		P35,212	P32,009	P29,436

Administrative expenses consist of:

	Note	2023	2022	2021
Personnel	26	P7,033	P6,775	P7,665
Contracted services		2,487	2,269	2,401
Management fees	30	1,381	1,488	1,340
Depreciation and amortization	25	979	1,125	1,198
Rent	4, 32	925	814	947
Taxes and licenses		770	641	674
Repairs and maintenance		576	517	580
Professional fees		515	479	409
Communications, light, fuel and water		512	619	565
Corporate special program		490	723	612
Supplies		233	273	284
Travel and transportation		187	123	101
Insurance		111	399	456
Others		778	408	109
		P16,977	P16,653	P17,341

"Selling and Administrative Expenses" included COVID-19 related expenses comprised mainly of employee related costs such as special allowances, temporary accommodation, transportation, swab tests and personal protective kits, all to sustain operations despite the risks.

25. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Note	2023	2022	2021
Cost of sales:				
Biological assets	10	P4,054	P3,303	P2,896
Property, plant and equipment	13	4,729	4,212	4,011
Right-of-use assets	14	188	171	127
Deferred containers and others	15, 16, 17	126	123	104
	23	9,097	7,809	7,138
Selling and administrative expenses:				
Property, plant and equipment	13	1,233	1,082	1,050
Right-of-use assets	14	490	591	556
Deferred containers and others	15, 16, 17	5,344	4,429	3,350
	24	7,067	6,102	4,956
		P16,164	P13,911	P12,094

"Others" include depreciation of investment property and amortization of land use rights, computer software and licenses and pallets, kegs and CO2 cylinders.

26. Personnel Expenses

This account consists of:

	<i>Note</i>	2023	2022	2021
Salaries and allowances		P9,588	P8,845	P8,191
Retirement costs	29	843	842	2,576
Other employee benefits		5,355	4,955	4,115
		P15,786	P14,642	P14,882

Personnel expenses are distributed as follows:

	<i>Note</i>	2023	2022	2021
Cost of sales	23	P5,001	P4,359	P3,894
Selling expenses	24	3,752	3,508	3,323
Administrative expenses	24	7,033	6,775	7,665
		P15,786	P14,642	P14,882

27. Other Income and Charges

These accounts consist of:

(a) Interest Expense and Other Financing Charges

	2023	2022	2021
Interest expense	P4,215	P3,181	P3,112
Other financing charges	537	357	248
	P4,752	P3,538	P3,360

Amortization of debt issue costs included as part of "Other financing charges" amounted to P122, P107 and P93 in 2023, 2022 and 2021, respectively (Note 20).

Interest expense on loans payable, long-term debt and lease liabilities is as follows:

	<i>Note</i>	2023	2022	2021
Loans payable	18	P473	P219	P105
Long-term debt	20	3,361	2,559	2,653
Lease liabilities	32	381	403	354
		P4,215	P3,181	P3,112

(b) Interest Income

	Note	2023	2022	2021
Interest from short-term investments, cash in banks and others	7	P2,617	P753	P465
Interest on amounts owed by related parties	30	450	68	3
		P3,067	P821	P468

(c) Other Income (Charges)

	Note	2023	2022	2021
Miscellaneous gain - net (a)	36	P2,579	P200	P428
Rent income	32	264	199	181
Gain (loss) on foreign exchange - net	33	105	(226)	23
Gain on sale of scrap materials		47	49	43
Gain (loss) on derivatives - net	34	2	(503)	(509)
Provision on impairment (b)	13	-	31	(455)
Others - net (c)		157	27	92
		P3,154	(P223)	(P197)

- a) Miscellaneous gain represents the amount of recognized income from the assignment of product rights, tax credit certificates issued by the BIR to SMB for the tax refund cases involving various San Miguel beer products for the years 2012 issued in 2023 and for the years 2019 and 2020 issued in 2021(Note 36), and loss on sale of La Pacita (Notes 5 and 16).

b) SMMI

In 2022, SMMI recognized impairment loss amounting to P31 due to losses to its properties sustained from a fire incident occurred in its production plant in 2020 and was retired in 2022.

Magnolia - La Pacita Operations

In 2021, Magnolia ceased the operation of La Pacita biscuit and assessed the recoverable value of the trademarks, formulations, recipes and other intangible properties. It was determined that the carrying amount of the asset was higher than the recoverable amount. Impairment loss was recognized amounting to P386 to reduce the carrying amount of trademark to recoverable amount (Notes 5 and 16).

GBGTC

In 2021, GBGTC recognized impairment loss amounting to P38 due to losses incurred from Typhoon Rolly and Ulysses in 2020.

- c) "Others - net" include casualty loss, expenses of closed facilities, gain on insurance proceeds and dividend income on investments.

The effects of African Swine Fever (ASF), which started in the third quarter of 2019, continued to unfavorably affect the business which resulted in casualty losses from ASF mortalities, retirement of breeding stocks and closure of related hog facilities.

28. Income Taxes

- (a) The components of income tax expense are shown below:

	2023	2022	2021
Current	P11,923	P11,039	P9,156
Deferred	(150)	65	229
	P11,773	P11,104	P9,385

- (b) Deferred tax asset and liabilities as at December 31 arise from the following:

	2023	2022
Net defined benefit retirement obligation and equity reserve for retirement plan	P1,989	P1,074
Allowance for impairment losses on receivables and write-down of inventories	712	669
NOLCO	149	3
MCIT	10	15
Unrealized gain on derivatives - net	34	69
Others	289	657
	P3,183	P2,487

The above amounts are reported in the consolidated statements of financial position as follows:

	Note	2023	2022
Deferred tax assets	4	P3,209	P2,510
Deferred tax liabilities		(26)	(23)
		P3,183	P2,487

The movements of deferred tax assets and liabilities are accounted for as follows:

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31, 2023		
					Balance at End of Year	Deferred Tax Asset	Deferred Tax Liability
Net defined benefit retirement obligation and equity reserve for retirement plan	P1,074	P365	P548	P2	P1,989	P2,008	(P19)
Allowance for impairment losses on receivables and write-down of inventories	669	43	-		712	713	(1)
NOLCO	3	150	-	(4)	149	149	-
MCIT	15	(5)	-	-	10	10	-
Unrealized loss on derivatives - net	69	(38)	-	3	34	33	1
Others	657	(365)	-	(3)	289	296	(7)
	P2,487	P 150	P548	(P2)	P3,183	P3,209	(P26)

	Balance at Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	December 31, 2022		
					Balance at End of Year	Deferred Tax Asset	Deferred Tax Liability
Net defined benefit retirement obligation and equity reserve for retirement plan	P445	(P98)	P457	P270	P1,074	P1,074	P -
Allowance for impairment losses on receivables and write-down of inventories	627	36	-	6	669	669	-
NOLCO	15	(12)	-	-	3	3	-
MCIT	12	4	-	(1)	15	15	-
Unrealized loss on derivatives - net	90	17	-	(38)	69	74	(5)
Others	922	(12)	-	(253)	657	675	(18)
	P2,111	(P65)	P457	(P16)	P2,487	P2,510	(P23)

As at December 31, 2023, the NOLCO of the Group, which are presented as part of “Deferred tax assets” account in the consolidated statements of financial position, that can be claimed as deduction from future taxable income are as follows:

Year Incurred/Paid	Carryforward Benefits Up to	NOLCO
2020	December 31, 2025	P81
2021	December 31, 2026	76
2022	December 31, 2025	9
2023	December 31, 2026	38
		P204

As at December 31, 2023, the MCIT of the Group, which are presented as part of “Deferred tax assets” account in the consolidated statements of financial position, that can be claimed as deduction from corporate income tax due are as follows:

Year Incurred/Paid	Carryforward Benefits Up to	MCIT
2021	December 31, 2024	P0
2022	December 31, 2025	7
2023	December 31, 2026	0
		P7

Temporary differences on the combined carryforward benefits of MCIT and NOLCO amounting to P240, P240 and P756 as at December 31, 2023, 2022 and 2021, respectively, were not recognized. Management believes that it may not be probable that sufficient future taxable profits will be available against which the combined carryforward benefits of MCIT and NOLCO can be utilized.

On September 30, 2020, the BIR issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 (bbbb) of RA No. 11494 (“Bayanihan to Recover as One Act”), relative to NOLCO which provides that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive taxable years following the year such loss was incurred.

- (c) The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2023	2022	2021
Statutory income tax rate	25.00%	25.00%	25.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subjected to final tax	(1.18%)	(0.35%)	(0.21%)
Others - net	(0.22%)	(0.39%)	(1.79%)
Effective income tax rates	23.60%	24.26%	23.00%

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which provides that MCIT is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

Effective July 1, 2023, as prescribed by BIR Revenue Memorandum Circular (RMC) No. 69-2023 issued on June 20, 2023, the rate of MCIT for domestic corporations shall be reverted from 1% to 2% of their gross income.

29. Retirement Plan

SMFB, SMB and GSMI, including majority of their subsidiaries, have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans pay out benefits based on final pay. In 2021, the GSMI, SMFI, PF-Hormel and Magnolia made amendments to its Retirement Plan in terms of the percentage of final pay based on the adjusted credited years of service. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2023. Valuations are obtained on a periodic basis.

Majority of the Retirement Plans are registered with the BIR as tax-qualified plans under Republic Act (RA) No. 4917, as amended. The control and administration of Retirement Plans are vested in the Board of Trustees of each Retirement Plan. Majority of the Board of Trustees of the Retirement Plans who exercises voting rights over the shares and approves material transactions are employees and/or officers of SMFB, SMB, GSMI and their subsidiaries. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of SMC.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Obligation		Effect of Asset Ceiling		Net Defined Benefit Retirement Liability	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at beginning of year	P15,617	P16,999	(P19,110)	(P18,306)	P -	(P63)	(P3,493)	(P1,370)
Recognized in Profit or Loss								
Past service costs	-	-	-	(8)	-	-	-	(8)
Current service costs	-	-	(843)	(834)	-	-	(843)	(834)
Interest expense	-	-	(1,366)	(902)	-	(3)	(1,366)	(905)
Interest income	1,111	815	-	-	-	-	1,111	815
	1,111	815	(2,209)	(1,744)	-	(3)	(1,098)	(932)
Recognized in Other Comprehensive Income								
Remeasurements:								
Actuarial losses arising from:								
Experience adjustments	-	-	(756)	(1,846)	-	-	(756)	(1,846)
Changes in financial assumptions	-	-	(1,338)	1,563	-	-	(1,338)	1,563
Changes in demographics assumptions	-	-	(39)	(35)	-	-	(39)	(35)
Return on plan assets excluding interest income	(22)	(1,601)	-	-	-	-	(22)	(1,601)
Changes in the effect of asset ceiling	-	-	-	-	-	66	-	66
Translation adjustments	(3)	62	3	(58)	-	-	-	4
	(25)	(1,539)	(2,130)	(376)	-	66	(2,155)	(1,849)
Others								
Contributions	1,258	643	-	-	-	-	1,258	643
Benefits paid	(1,439)	(1,310)	1,455	1,319	-	-	16	9
Other adjustments	-	9	(4)	(3)	-	-	(4)	6
	(181)	(658)	1,451	1,316	-	-	1,270	658
Balance at end of year	P16,522	P15,617	(P21,998)	(P19,110)	P -	P -	(P5,476)	(P3,493)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized in the consolidated statements of income amounted to P843, P842 and P2,576 in 2023, 2022 and 2021, respectively (Note 26).

The above net defined benefit retirement liability was included in the consolidated statements of financial position as part of:

	Note	2023	2022
Other noncurrent assets	17	P4	P4
Other noncurrent liabilities		(5,480)	(3,497)
		(P5,476)	(P3,493)

The carrying amounts of the Group's retirement fund approximate fair values as at December 31, 2023 and 2022.

The Group's plan assets consist of the following:

	In Percentages	
	2023	2022
Investments in marketable securities and shares of stock	79.02	75.36
Investments in pooled funds:		
Stock trading portfolio	1.32	1.97
Fixed income portfolio	6.24	9.23
Investments in real estate	1.13	1.21
Others	12.29	12.23

Investments in Marketable and Debt Securities

As of December 31, 2023, the plan assets include:

- 21,801,420 common shares, 8,583,030 Subseries "2-F", 8,369,770 Subseries "2-I", 3,263,040 Subseries "2-J", 2,498,200 Subseries "2-K", 2,107,100 Subseries "2-L", 5,333,600 Subseries "2-N", and 3,107,000 Subseries "2-O" preferred shares of SMC with fair market value per share of P102.10, P72.5, P70.5, P67.95, P68, P78, P77 and P78, respectively;
- Investment in SMC bonds amounting to P1,631;
- 37,404,900 common shares and 364,160 Subseries "PRF3B", 117,000 Subseries "PRF4B", and 504,000 Subseries "PRF4C" preferred shares of Petron with fair market value per share of P3.55, P980, P1,000 and P973, respectively;
- Investment in Petron bonds amounting to P329;
- 28,549,900 common shares of SMB with fair market value per share of P20.00;
- 4,861,134 common shares of GSMI with fair market value per share of P168.70;
- 12,347,650 common shares of SMFB with fair market value per share of P51;
- Investment in SMFB bonds amounting to P178;
- 3,152,443 common shares of Top Frontier with fair market value per share of P101.90;

- 192,144 common shares of PSE with fair market value of P170
- Investment in South Luzon Tollway Corporation (SLTC) bonds amounting to P100;
- Investment in SMC Global Power Holdings Corp. (SMC Global) bonds amounting to P1,075;
- Investment in Bank of Commerce (BOC) bonds amounting to P299; and
- Investment in other bonds amounting to P101.

As of December 31, 2022, the plan assets include:

- 25,567,160 common shares, 8,421,970 Subseries “2-F”, 8,369,770 Subseries “2-I”, 3,260,040 Subseries “2-J”, and 2,498,200 Subseries “2-K” preferred shares of SMC with fair market value per share of P92.95, P75, P75, P72.85, and P71, respectively;
- Investment in SMC bonds amounting to P2,139;
- 9,707,900 common shares and 364,160 preferred shares of Petron with fair market value per share of P2.4 and P1,030.00, respectively;
- Investment in Petron bonds amounting to P317;
- 28,549,900 common shares of SMB with fair market value per share of P20.00;
- 4,861,134 common shares of GSMI with fair market value per share of P105;
- 5,632,050 common shares of SMFB with fair market value per share of P38.70;
- Investment in SMFB bonds amounting to P181;
- 3,151,943 common shares of Top Frontier with fair market value per share of P95;
- 192,144 common shares of PSE with fair market value of P158
- Investment in South Luzon Tollway Corporation (SLTC) bonds amounting to P99;
- Investment in SMC Global Power Holdings Corp. (SMC Global) bonds amounting to P1,112;
- Investment in Bank of Commerce (BOC) bonds amounting to P297; and
- Investment in other bonds amounting to P150.

The fair market value per share of the above shares of stock is determined based on quoted market prices in active markets as of the reporting date (Note 4).

The Group’s Retirement Plans recognized gains (losses) on the investment in marketable securities of SMC and its subsidiaries amounting to P39 and (P38) in 2023 and 2022, respectively.

Dividend income from the investment in shares of stock of SMC and its subsidiaries amounted to P297 and P240 in 2023 and 2022, respectively.

Investments in Shares of Stock

The Group's plan assets also include SMB Retirement Plan's investment in 8,608,494 preferred shares of stock of BPI (inclusive of nominee shares), accounted for under the cost method, amounting to P859 as at December 31, 2023 and 2022 (Note 30).

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of SMC and its domestic subsidiaries to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees of the Group's Retirement Plans approved the percentage of assets to be allocated to fixed income instruments and equities. The Retirement Plans have set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Investment income and expenses are allocated to the plans based on their pro-rata share in net assets of pooled funds. The Retirement Plans' interests in the net assets of the pooled funds were 64.5% and 65.7% of fixed income portfolio as of December 31, 2023 and 2022, respectively. The Retirement Plans' interests in net assets of the pooled funds were 85.6% and 85.1% of stock trading portfolio as of December 31, 2022 and 2023, respectively.

Approximately 78.9% and 71.5% of the Retirement Plans' investments in pooled funds in stock trading portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2023 and 2022, respectively.

Approximately 67.5% and 40.2% of the Retirement Plans' investments in pooled funds in fixed income portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2023 and 2022, respectively.

Investments in Real Estate

The Retirement Plans of the Group have investments in real estate properties. The fair value of investment property amounted to P181 as at December 31, 2023 and 2022.

Others

Others include the Retirement Plan's investments in government securities, cash and cash equivalents, receivables and deposits which earn interest.

The Board of Trustees reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the defined benefit retirement obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation. The Group is expected to contribute the amount of P1,287 to the Retirement Plans in 2024.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plans' investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2023	2022
Discount rate	6.10% - 6.58%	3.82% - 7.31%
Salary increase rate	5.00%	4.00% - 8.00%

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation ranges from 1.50 to 11.70 years and 4.20 to 12.80 years as at December 31, 2023 and 2022 respectively.

As at December 31, 2023 and 2022, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below, respectively:

	2023		2022	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P1,229)	P1,369	(P1,011)	P1,188
Salary increase rate	1,406	(1,247)	1,210	(1,054)

Transactions with the Retirement Plans are made at normal market prices.

30. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders purchase products and services from one another in the normal course of business. The Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at December 31:

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Intermediate Parent Company	2023 2022	P245 280	P1,590 1,396	P5,744 5,757	P1,060 1,615	On demand except redeemable perpetual securities; non-interest bearing	Unsecured; no impairment
Entities under Common Control of the Intermediate Parent Company	2023 2022	1,078 1,162	36,777 39,670	1,968 1,523	23,196 21,806	On demand; non- interest bearing	Unsecured; no impairment
Joint Venture	2023 2022	40 2	- 202	625 626	2 2	On demand or less than 2 to 5 years; interest bearing	Unsecured; with impairment
Associate of Intermediate Parent Company	2023 2022	411 36	- -	3,506 11,528	- -	Less than 1 to 7 years; interest bearing	Unsecured; no impairment
Shareholders in Subsidiaries	2023 2022	315 118	3,845 5,152	176 121	57 54	On demand; non-interest bearing	Unsecured; no impairment
Total	2023	P2,089	P42,212	P12,019	P24,315		
Total	2022	P1,598	P46,420	P19,555	P23,477		

- a. Amounts owed by related parties consist of current and noncurrent receivables, deposits and share in expenses. It also includes investments in equity that pertains to subscription in redeemable perpetual securities and investments in debt securities under investment agreement with Bank of Commerce, both are presented as part of "Investments - net" account in the consolidated statements of financial position (Notes 8, 11, 12 and 17).
- b. Amounts owed to related parties consist of trade and non-trade payables (Note 19). Amounts owed to related parties included under "Other noncurrent liabilities" account in the consolidated statements of financial position amounted to P3,433 and P4,031 as at December 31, 2023 and 2022, respectively.
- c. The Group has entered into various lease agreements with related parties as a lessor and lessee (Note 32).
- d. TSML executed various promissory notes in favor of GSML.
 - Principal sum of THB250 together with interest of 5.5% per annum, which interest shall accrue on March 13, 2014.
 - Principal sum of THB50 together with interest of 5.0% per annum, which interest shall accrue on September 2, 2013.
 - Principal sum of THB25 together with interest of 5.0% per annum, which interest shall accrue on June 14, 2013.
 - Principal sum of THB75 together with interest of 3.0% per annum, which interest shall accrue on September 6, 2011.
 - Principal sum of THB75 together with interest of 3.0% per annum, which interest shall accrue on April 7, 2011.

The principal sum is due and payable in full on demand of GSML and the stipulated interest shall be payable every three months.

The receivables from TSML amounting to P540 as at December 31, 2023 and 2022, are included as part of "Amounts owed by related parties" under "Trade and other receivables -net" account in the consolidated statements of financial position (Note 8).

- e. On September 29, 2022, SMFI entered into separate Contract to Sell Agreements with Grand Planters International, Inc., Dewsweeper Industrial Park, Inc. and Bluelight Industrial Estate, Inc. for the acquisition of parcels of land located in the provinces of Quezon and Negros Occidental. Total purchase price amounted to P5,135, payable on installments basis up to 2026.
- f. The compensation of the key management personnel of the Group, by benefit type, follows:

	Note	2023	2022	2021
Short-term employee benefits		P214	P206	P135
Retirement costs	29	19	12	27
		P233	P218	P162

31. Basic Earnings Per Common Share

Basic EPS is computed as follows:

	2023	2022	2021
Net income attributable to equity holders of the Parent Company (a)	P23,118	P22,263	P19,789
Weighted average number of common shares (in millions) (b)	5,909	5,909	5,909
Basic/diluted earnings per common share attributable to equity holders of the Parent Company (a/b)	P3.91	P3.77	P3.35

As at December 31, 2023, 2022 and 2021, the Group has no dilutive equity instruments.

32. Lease Commitments

Operating Leases

Group as Lessor

The Group has entered into lease agreements on its investment property, offices and machinery and equipment. The non-cancellable leases have lease term of one to five years. Some lease agreements include a clause to enable upward revision of the rental change on an accrual basis based on prevailing market conditions.

The future minimum lease receipts under non-cancellable operating leases are as follows:

Operating Leases under PFRS 16	2023	2022
Within one year	P888	P594
After one but not more than five years	2,760	1,420
After five years	8,981	5,036
	P12,629	P7,050

Rent income recognized in the consolidated statements of income amounted to P264, P199 and P181 in 2023, 2022 and 2021, respectively (Notes 4 and 27).

Group as Lessee

The Group leases a number of equipment, offices, warehouses, factory facilities and parcels of land under operating lease. The leases will expire in various terms. Some leases provide an option to renew the lease at the end of the lease term and are being subjected to reviews to reflect current market rentals.

As at January 1, 2019, the Group recognized right-of-use assets and lease liabilities for these leases, except for short-term leases and leases of low-value assets (Notes 3 and 14).

The Group recognized interest expense related to these leases amounting to P381, P403 and P354 in 2023, 2022 and 2021, respectively (Note 27).

Changes in liabilities arising from financing activities are as follows:

	2023	2022
Balance as at January 1	P5,473	P4,834
Changes from Financing Activities		
Payments of lease liabilities	(520)	(603)
Total Changes from Financing Activities	(520)	(603)
Other Changes		
Additions during the year	223	1,242
Balance as at December 31	P5,176	P5,473

Rent expense recognized in the consolidated statements of income amounted to P2,781, P2,662 and P2,680 in 2023, 2022 and 2021, respectively (Notes 4, 23, 24 and 30).

33. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, financial assets at FVPL, investments in equity and debt instruments, short-term and long-term loans, and derivative instruments. These financial instruments, except financial assets at FVPL and derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, trade payables and other current liabilities, excluding dividends payable and statutory liabilities, and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as commodity and currency options and forwards are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to commodity price and foreign currency risks arising from the operating activities. The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD.

The Audit Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the SEC and/or the PSE.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The BOD also constituted the Board Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's enterprise risk management (ERM) system to ensure its functionality and effectiveness. The Board Risk Oversight Committee is tasked to develop and oversee the implementation of a formal ERM plan and annually review and advise the BOD of the Group's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework and external economic environment. It shall also assess the probability of each identified risk becoming a reality and estimate its possible financial impact and likelihood of occurrence, and oversee management's activities in identifying, monitoring, assessing and managing credit, market, liquidity, operational, legal and other risk exposures of the Group.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The terms and maturity profile of the interest-bearing long-term borrowings, together with its gross amounts, are shown in the following tables:

December 31, 2023	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated	P12,761	P24,286	P29,178	P9,255	P75,480
Interest rate	3.284%-6.00%	3.284%-5.050%	3.548%-6.8412%	3.548%	
Floating Rate					
Philippine peso-denominated	120	238	238	7,285	7,881
Interest rate		BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	
	P12,881	P24,524	P29,416	P16,540	P83,361
December 31, 2022	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated	P390	P24,985	P34,318	P10,975	P70,668
Interest rate	3.284%-4.2105%	3.284%-6.00%	3.284%-6.8412%	3.5483%-4.15%	
Floating Rate					
Philippine peso-denominated	119	238	238	7,405	8,000
Interest rate		BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	BVAL + margin or BSP TDF overnight rate, whichever is higher	
	P509	P25,223	P34,556	P18,380	P78,668

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P79 and P80 for the year ended December 31, 2023 and 2022, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using derivative and non-derivative instruments to manage its foreign currency risk exposure.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents as at December 31 are as follows:

	2023		2022	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$297	P16,460	US\$256	P14,301
Trade and other receivables	34	1,899	30	1,677
Noncurrent receivables	-	7	-	8
	331	18,366	286	15,986
Liabilities				
Trade payables and other current liabilities	123	6,818	157	8,777
Lease liabilities	1	39	-	-
Other noncurrent liabilities	-	17	-	-
	124	6,874	157	8,777
Net Foreign Currency-denominated Monetary Assets	US\$207	P11,492	US\$129	P7,209

The Group reported net foreign exchange gains (losses) amounting to P105, (P226) and P23 in 2023, 2022 and 2021, respectively, with the translation of its foreign currency-denominated assets and liabilities (Note 27). These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2023	55.370
December 31, 2022	55.755
December 31, 2021	50.999

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations) as at December 31, 2023 and 2022.

	2023			
	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
Cash and cash equivalents	(P34)	(P289)	P34	P289
Trade and other receivables	(6)	(33)	6	33
	(40)	(322)	40	322
Trade payables and other current liabilities	52	110	(52)	(110)
Finance lease liabilities	-	1	-	(1)
	52	111	(52)	(111)
	P12	(P211)	(P12)	P211

	2022			
	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
Cash and cash equivalents	(P38)	(P247)	P38	P247
Trade and other receivables	(6)	(29)	6	29
	(44)	(276)	44	276
Loans payable				
Trade payables and other current liabilities	68	141	(68)	(141)
Other noncurrent liabilities	-	-	-	-
	68	141	(68)	(141)
	P24	(P135)	(P24)	P135

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group, through SMC, enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

SMC enters into commodity derivative transactions on behalf of the Group to reduce cost by optimizing purchasing synergies within the SMC Group of Companies and managing inventory levels of common materials.

The Group uses commodity futures, swaps and options to manage the Group's exposures to volatility in prices of certain commodities such as soybean meal and wheat.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P57,007	P57,007	P57,007	P -	P -	P -
Trade and other receivables - net	25,869	25,869	25,869	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	50	50	50	-	-	-
Financial assets at FVOCI (included under "Investments - net" account)	5,628	5,628	-	-	-	5,628
Financial assets at amortized cost (included under "Investments - net" account)	11,500	16,131	764	841	2,520	12,006
Noncurrent receivables and deposit - net (included under "Other noncurrent assets - net" account)	183	183	-	29	29	125
Financial Liabilities						
Loans payable	14,684	14,658	14,658	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	65,208	65,208	65,208	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	80	80	80	-	-	-
Long-term debt (including current maturities)	82,810	96,190	16,926	15,395	46,680	17,189
Lease liabilities (including current portion)	5,176	11,546	708	643	1,798	8,397
Other non-current liabilities	3,447	3,447	-	3,430	-	17

December 31, 2022	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P41,099	P41,099	P41,099	P -	P -	P -
Trade and other receivables - net	22,110	22,110	22,110	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	100	100	100	-	-	-
Financial assets at FVOCI (included under "Investments - net" account)	5,643	5,643	-	-	-	5,643
Financial assets at amortized cost (included under "Investments - net" account)	11,500	11,529	-	-	-	11,529
Noncurrent receivables and deposit - net (included under "Other noncurrent assets - net" account)	156	156	-	-	-	156
Financial Liabilities						
Loans payable	21,055	21,008	21,008	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	62,332	62,332	62,332	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	204	204	204	-	-	-
Long-term debt (including current maturities)	78,239	93,900	4,312	16,544	53,080	19,964
Lease liabilities (including current portion)	5,473	6,306	473	391	999	4,443
Other non-current liabilities	5,193	5,193	-	5,181	-	12

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality

In monitoring and controlling credit extended to a counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets were determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below:

	Note	2023	2022
Cash and cash equivalents (excluding cash on hand)	7	P55,260	P40,159
Trade and other receivables -net	8	25,869	22,110
Derivative assets	11	50	100
Financial assets at FVOCI	12	5,628	5,643
Financial assets at amortized cost		11,500	11,500
Noncurrent receivables and deposits -net	17	183	156
		P98,490	P79,668

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
2023					
Cash and cash equivalents (excluding cash on hand)	P55,260	P -	P -	P -	P55,260
Trade and other receivables -net	25,869	-	1,185	-	27,054
Derivative assets	-	-	-	50	50
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits -net	-	183	-	-	183
	P92,629	P183	P1,185	P50	P94,047

	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
2022					
Cash and cash equivalents (excluding cash on hand)	P40,159	P -	P -	P -	P40,159
Trade and other receivables -net	22,110	-	1,193	-	23,303
Derivative assets	-	-	-	100	100
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits -net	-	156	-	-	156
	P73,769	P156	P1,193	P100	P75,218

The aging of receivables is as follows:

December 31, 2023			Amounts Owed by Related Parties	Total
	Trade	Non-trade		
Current	P17,016	P621	P459	P18,096
Past due:				
1 - 30 days	4,790	165	202	5,157
31 - 60 days	491	61	78	630
61 - 90 days	186	129	35	350
Over 90 days	595	616	1,610	2,821
	P23,078	P1,592	P2,384	P27,054

December 31, 2022			Amounts Owed by Related Parties	Total
	Trade	Non-trade		
Current	P14,941	P741	P465	P16,147
Past due:				
1 - 30 days	3,558	160	168	3,886
31 - 60 days	300	69	102	471
61 - 90 days	129	32	94	255
Over 90 days	674	686	1,184	2,544
	P19,602	P1,688	P2,013	P23,303

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period (Note 4). There are no significant changes in the credit quality of the counterparties during the year.

The Group's cash and cash equivalents, derivative assets, financial assets at FVOCI and investment in debt instruments at amortized cost are placed with reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and cattle and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken, hogs and cattle in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.
- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group is not subject to externally imposed capital requirements.

34. Financial Assets and Financial Liabilities

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments as at December 31, 2023 and 2022:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P57,007	P57,007	P41,099	P41,099
Trade and other receivables - net	25,869	25,869	22,110	22,110
Derivative assets (included under "Prepaid expenses and other current assets" account)	50	50	100	100
Financial assets at FVOCI (included under "Investments - net" account)	5,628	5,628	5,643	5,643
Financial assets at amortized cost (included under "Investments - net" account)	11,500	11,500	11,500	11,500
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	183	183	156	156
Financial Liabilities				
Loans payable	14,684	14,684	21,055	21,055
Trade payables and other current liabilities (excluding derivative liabilities)	65,208	65,209	62,332	62,332
Derivative liabilities (included under "Trade payables and other current liabilities" account)	80	80	204	204
Long-term debt (including current maturities)	82,810	80,692	78,239	74,426
Lease liabilities (including current portion)	5,176	5,176	5,473	5,473
Other noncurrent liabilities	3,447	3,447	5,193	5,193

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, and Noncurrent Receivables and Deposits. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables and deposits, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding commodity derivatives, the fair values are determined based on quoted prices obtained from active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Investment in Debt Instruments. The fair value of investment in debt instruments is estimated as the present value of all future cash flows discounted using prevailing market rate of interest for a similar instrument as of the end of the reporting period.

Loans Payable, Trade Payables and Other Current Liabilities, and Other Noncurrent Liabilities. The carrying amounts of loans payable and trade payables and other current liabilities approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt and Lease Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as at reporting date. As at December 31, 2023 and 2022, discount rates used ranges from 5.03% to 5.96% and from 2.65% to 9.04% respectively.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments are discussed below.

The Group, through SMC, enters into various commodity derivative contracts to manage its exposure on commodity price risk. The portfolio is a mixture of instruments including futures, swaps and options.

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding commodity options and embedded currency forwards which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of various commodity options entered into by SMC on behalf of the Group.

As of December 31, 2023 and 2022, the Group has no outstanding bought and sold options covering its wheat and soybean meal requirements.

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts. As of December 31, 2023 and 2022, the total outstanding notional amount of such embedded currency forwards amounted to US\$109 and US\$122, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to (P30) and (P104) as of December 31, 2023 and 2022, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to P2, (P503) and (P509) in 2023, 2022 and 2021, respectively (Note 27).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	Note	2023	2022
Balance at beginning of year		(P104)	(P181)
Net change in fair value of non-accounting hedges	27	2	(503)
		(102)	(684)
Less fair value of settled instruments		72	580
Balance at end of year		(P30)	(P104)

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The table below analyzes financial instruments carried at fair value by valuation method:

2023	Level 1	Level 2	Total
Financial Assets			
Derivative assets	P -	P50	P50
Financial assets at FVOCI	5,628	-	5,628
Financial assets at amortized cost	11,500	-	11,500
Financial Liabilities			
Derivative liabilities	-	80	80
2022	Level 1	Level 2	Total
Financial Assets			
Derivative assets	P -	P100	P100
Financial assets at FVOCI	5,643	-	5,643
Financial assets at amortized cost	11,500	-	11,500
Financial Liabilities			
Derivative liabilities	-	204	204

The Group has no financial instruments valued based on Level 3 as at December 31, 2023 and 2022. In 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

35. Registration with the Board of Investments (BOI) and the Authority of Freeport Area of Bataan (AFAB)

Certain expansion projects of SMFB's consolidated subsidiaries are registered with the BOI, as pioneer and non-pioneer status, or with AFAB. As registered enterprises, these SMFB's subsidiaries are subject to certain requirements and are entitled to certain tax and non-tax incentives.

SMFI

SMFI is registered with the BOI and AFAB for certain feedmill, poultry, meats and ready-to-eat meals projects. In accordance with the provisions of Executive Order (EO) No. 226 or the Omnibus Investment Code of 1987 and the RA No. 9728, also known as "The Freeport Area of Bataan Act of 2009", pursuant to RA No. 11534 or the CREATE Act, the projects are entitled, among others, to fiscal incentives described as follows:

- a) *New Producer of Animal Feeds (Pellet, Crumble and Mash)*. The San Ildefonso, Bulacan feedmill project (Bulacan Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-074. The Bulacan Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years. The four-year ITH period of the project which commenced on July 1, 2018 had expired last June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMFI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- b) *New Producer of Animal and Aqua Feeds*. The Sta. Cruz, Davao feedmill project (Davao Feedmill Project) was registered with the BOI on a non-pioneer status on April 14, 2016 under Certificate of Registration No. 2016-073. The Davao Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

On May 24, 2019, the BOI approved SMFI's request to move the Davao Feedmill Project's start of commercial operations and ITH reckoning date to April 2019. The four-year ITH period of the project which commenced on April 1, 2019 had expired last March 31, 2023.

Notwithstanding the expiration of ITH benefit in 2023, the SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- c) *New Producer of Animal Feeds (Pellet, Crumble and Mash)*. The Mandaue, Cebu feedmill project (Cebu Feedmill Project) was registered with the BOI on a non-pioneer status on November 10, 2015 under Certificate of Registration No. 2015-251. The Cebu Feedmill Project is entitled to ITH for four years from July 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years.

On May 24, 2019, the BOI approved SMFI's request to move the Cebu Feedmill Project's start of commercial operations and ITH reckoning date to December 2019. The four-year ITH period of the project which commenced on December 1, 2019 had expired last November 30, 2023.

Notwithstanding the expiration of ITH benefit in 2023, the SMFI is still required to continue the submission of annual reports to the BOI until 2028, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- d) SMFI's Bataan feedmill project (Bataan Feedmill Project) was registered with the AFAB as a *Manufacturer of Feeds for Poultry, Livestock and Marine Species* on January 6, 2017 under Certificate of Registration No. 2017-057, valid for a period of one year, renewable annually subject to qualifications as determined by AFAB.

Said AFAB registration of the Bataan Feedmill Project has been renewed accordingly as follows:

Registration Renewal Date	Certificate of Registration No.	Annual Period Covered
March 6, 2018	2018-096	2018
February 14, 2019	2019-079	2019
December 10, 2019	2020-047	2020
December 29, 2020	2021-081	2021
May 30, 2022	2022-111	2022

Under the terms of SMFI's AFAB registration, the Bataan Feedmill Project is entitled to incentives which include, among others, ITH for four years from May 2018 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project which commenced on May 1, 2018 had expired last April 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMFI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

- e) *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash)*. The Phividec, Tagoloan, Misamis Oriental feedmill project (CDO Feedmill Project) was registered with the BOI on a non-pioneer status on May 27, 2020 under Certificate of Registration No. 2020-075. The CDO Feedmill Project is entitled to ITH for four years from June 2020 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration, extendable under certain conditions, but in no case should the aggregate ITH period exceed eight years. ITH period of the project commenced on June 1, 2020 and will expire on May 2024.
- f) *New Domestic Producer of Animal Feeds (in Pellet, Crumble and Mash)*. The Barangay Soyung, Echague, Isabela feedmill project (Echague Feedmill Project) was registered with the BOI on a non-pioneer status on June 5, 2023 under Certificate of Registration No. 2023-100 pursuant to RA No. 11534 (CREATE Act). The Echague Feedmill Project is entitled to ITH for six years from June 2023 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. ITH period of the project commenced on June 5, 2023 and will expire on June 4, 2029.

With the current provisions of RA No. 11534 or the CREATE Act, registered investment projects prior to CREATE granted with ITH are entitled to finish their ITH entitlement as scheduled, and are given an option to reapply for new tax incentives for the same activity as provided under Section 294 (B) of the same Act.

SMMI

SMMI was registered with the BOI under Registration No. 2016-035 on a non-pioneer status as an Expanding Producer of Wheat Flour and its By-Products (Bran and Pollard) for its flour mill expansion project in Mabini, Batangas on February 16, 2016.

Under the terms of SMMI's BOI registration and subject to certain requirements as provided in EO No. 226, SMMI is entitled to incentives which include, among others, ITH for three years from July 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.

On October 25, 2017, the BOI approved SMMI's request to adjust the ITH reckoning date to December 2018 or actual start of commercial operations, whichever is earlier.

SMMI subsequently requested to further adjust the ITH reckoning date to July 2019 or actual start of commercial operations, whichever is earlier which was approved by BOI on July 25, 2019.

On August 7, 2020, by virtue of Resolution No. 15-19, Series of 2020, the BOI granted SMMI's request for amendment of ITH Base Figure from peso sales value of P9,582 to sales volume of 388,447 metric tons, which shall be effective only from taxable year 2020 onwards.

The three-year ITH period of the project which commenced on December 1, 2019 had expired last June 30, 2022.

Notwithstanding the expiration of ITH benefit in 2022, SMMI is still required to continue the submission of annual reports to the BOI for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

PF-Hormel

PF-Hormel was registered with the BOI under Registration No. 2017-033 on a non-pioneer status as an Expanding Producer of Processed Meat (Hotdog) for its project in General Trias, Cavite on January 31, 2017.

Under the terms of PF-Hormel's BOI registration and subject to certain requirements as provided in EO No. 226, PF-Hormel is entitled to incentives which include, among others, ITH for three years from December 2017 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. The ITH period of the project commenced on December 1, 2017 until November 2020.

Notwithstanding the expiration of ITH benefit in 2020, PF-Hormel is still required to submit the annual reports to the BOI until 2025, or for a period of five years from the last year of ITH availment pursuant to BOI Circular No. 2014-01.

36. Other Matters

(a) Toll Agreements

The significant subsidiaries of SMFB have entered into toll processing with various contract growers, breeders, contractors and processing plant operators (collectively referred to as the “Parties”). The terms of the agreements include the following, among others:

- The Parties have the qualifications to provide the contracted services and have the necessary manpower, facilities and equipment to perform the services contracted.
- Tolling fees paid to the Parties are based on the agreed rate per acceptable output or processed product. The fees are normally subject to review in cases of changes in costs, volume and other factors.
- The periods of the agreement vary. Negotiations for the renewal of any agreement generally commence six months before expiry date.

Total tolling expenses amounted to P7,234, P7,876 and, P7,784, respectively, in 2023, 2022 and 2021.

(b) Contingencies

The Group is a party to certain lawsuits or claims (mostly labor-related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group.

▪ Claims for Tax Refund

i. Filed by SMC

In 2004, SMC was assessed excise taxes by the BIR on “San Mig Light” which at that time was one of its products. These assessments were contested by SMC but nonetheless made the corresponding payments. Consequently, SMC filed three claims for refund for overpayments of excise taxes with the BIR.

The first and second claims for refund were then elevated to the Court of Tax Appeals (CTA) and went all the way to the Supreme Court which was resolved in favor of SMC. On September 8, 2020, the BIR issued TCC Nos. 121-20-00012 and 121-20-00013 amounting to P782 and P926, respectively in favor of SMC. P255 and P62 out of P782 TCC was partially applied to SMC’s 2022 and 2021 tax obligations, respectively. As at December 31, 2023, the P926 TCC was not yet applied to any of SMC’s tax obligations.

The third claim for refund was consolidated with a claim for refund which was filed by SMB, a company to which, effective October 1, 2007, SMC had spun off its domestic beer business. The claim was also favorably resolved in favor of SMC and SMB. On August 10, 2020, the BIR issued TCC No. 121-20-00010 amounting to P105 in favor of SMC, which was applied in full to SMC’s tax obligations as at December 31, 2021.

ii. Filed by SMB

SMB filed 13 claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review. Five of these claims (i.e., CTA Case Nos. 7973, 8209, 8400, 8591 and 8748) were decided by the Supreme Court in favor of SMB and tax credit certificates amounting to P1,430, P1,569 and P761 were received in 2019, 2020 and 2023, respectively. One claim (CTA Case No. 10241) was withdrawn with the issuance of a tax credit certificate in the amount of P162 in 2021. The remaining seven claims for refund are still pending before the courts, as follows:

- (a) Claim for refund of overpayments for the period of January 1, 2013 to December 31, 2013 - Third Division docketed as CTA Case No. 8955 (December 19, 2014);
- (b) Claim for refund of overpayments for the period of January 1, 2014 to December 31, 2014 - Third Division docketed as CTA Case No. 9223 (December 22, 2015);
- (c) Claim for refund of overpayments for the period of January 1, 2015 to December 31, 2015 - Second Division docketed as CTA Case No. 9513 (December 28, 2016);
- (d) Claim for refund of overpayments for the period from January 1, 2016 to December 31, 2016 - First Division docketed as CTA Case No. 9743 (December 29, 2017);
- (e) Claim for refund of overpayments for the period from January 1, 2017 to December 31, 2017 - Third Division docketed as CTA Case No. 10000 (December 27, 2018);
- (f) Claim for refund of overpayments for the period from January 1, 2018 to December 31, 2018 - First Division docketed as CTA Case No. 10223 (December 11, 2019); and
- (g) Claim for refund for overpayments for the period of January 23, 2020 to February 9, 2020 - First Division docketed as CTA Case No. 10745 (via electronic mail on January 21, 2022, registered mail on January 24, 2022, and personal filing on February 2, 2022).

CTA Case No. 8955, SMB's claim for refund for P83, was decided against SMB by the CTA Third Division for having purportedly availed of the wrong mode of appeal as SMB should have filed the petition with the Regional Trial Court (RTC) rather than through a collateral attack on issuances of the BIR via a judicial claim for refund. SMB, through counsel, filed a Motion for Reconsideration, arguing that the case involves a claim for refund and is at the same time a direct attack on the BIR issuances which imposed excise tax rates which are contradictory to, and violative of, the rates imposed in the Tax Code. With the denial of SMB's Motion for Reconsideration on January 5, 2018, SMB elevated the case to the CTA En Banc by way of a Petition for Review. On September 19, 2018, the CTA En Banc reversed and set aside the decision of the CTA Third Division and remanded the case to the CTA Third Division for the resolution of the same on the merits (docketed as CTA EB Case No. 1772). A Motion for Reconsideration was filed by the BIR which was subsequently denied by the CTA En Banc in a resolution dated January 24, 2019. The BIR sought an extension within which to file a Petition for Review with the Supreme Court which was docketed as G.R. No. 244738. After the BIR filed a Manifestation stating that it will no longer file a Petition for Review on Certiorari, the Supreme Court issued a Resolution dated January 8, 2020 considering the case closed and terminated. The records were remanded to the CTA Third Division and the case is now submitted for the CTA Third Division's decision.

CTA Third Division partially granted SMB's Petition on September 14, 2023. The BIR is ordered to refund or issue a TCC in the reduced amount of P83, representing overpayment of excise taxes on the "San Mig Light" removals for the period from January 1, 2013 to December 31, 2013. The BIR filed a Motion for Reconsideration with CTA Third Division which was denied.

CTA Case No. 9223, SMB's claim for refund for P60, was partially decided in favor of SMB by the CTA Third Division in April 2019. From the CTA Third Division, SMB and the BIR filed separate Petitions for Review with the CTA En Banc. On February 21, 2022, the CTA En Banc rendered a Decision denying the separate Petitions for Review. On March 21, 2022, SMB elevated the Decision of the CTA En Banc by way of a Petition for Review to the Supreme Court, where it was docketed as G.R. No. 258812. The BIR also elevated the CTA En Banc's Decision to the Supreme Court which was docketed as G.R. No. 261197. In GR No. 258812, the Supreme Court issued a Resolution requiring the BIR to comment on SMB's Petition. The Office of the Solicitor General (OSG) filed a Manifestation and Motion praying that it be excused from filing a comment since the CTA decision is in order. In GR No. 261197, the OSG filed a Manifestation and Motion informing the Supreme Court that it decided not to file the Petition since the CTA decision is in order.

CTA Case No. 9513, SMB's claim for refund for P48, was partially decided in favor of SMB by the CTA Second Division. From the CTA Second Division, SMB and the BIR filed separate Petitions for Review with the CTA En Banc. On February 4, 2021, the CTA En Banc affirmed the decision of the CTA Second Division. Both parties filed motions for partial reconsideration of the CTA En Banc's Decision. In its October 22, 2021 Resolution, the CTA En Banc denied the parties' motion for reconsideration. SMB and the BIR filed separate Petitions for Review on Certiorari with the Supreme Court docketed as G.R. No. 257784 and 259263, respectively. These were consolidated by the Supreme Court, after which the BIR filed its comment to SMB's Petition as directed by the court.

CTA Case No. 9743, SMB's claim for refund for P30, was partially decided in favor of SMB by the CTA First Division. The Motion for Partial New Trial of SMB and Motion for Reconsideration filed by SMB and the BIR were denied. Both parties filed their respective Petition for Review with the CTA En Banc. On February 10, 2022, the CTA En Banc rendered a Decision denying the Petitions for Review. The BIR moved for reconsideration while SMB filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 258813. Upon denial by the CTA En Banc of the BIR's motion for reconsideration, the BIR also filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R.

No. 261196. In G.R. No. 258813, the Supreme Court issued a Resolution dated October 2, 2023 ordering the BIR to refund the amount of P3. In G.R. No. 261196, the Supreme Court issued a Resolution dated April 19, 2023 denying the petition for failure to sufficiently show that the CTA committed any reversible error.

CTA Case No. 10000, SMB's claim for refund for P123, was filed on December 27, 2018 and is pending with the CTA Third Division. On September 22, 2021, the CTA Third Division partially granted SMB's Petition for Review and ordered the refund of P123. The BIR filed for a motion for reconsideration which was denied by the CTA Third Division. The BIR filed a Petition for Review with CTA En Banc docketed as CTA En Banc No. 2625. SMB filed its Comment dated July 25, 2022. On August 2, 2023, the CTA En Banc promulgated its Decision in CTA EB No. 2625 affirming the decision of the CTA Third Division in favor of SMB. The BIR moved for reconsideration but the same was denied by the CTA En Banc on January 8, 2024. The BIR then filed a Petition for Review on Certiorari with the Supreme Court which was docketed as G.R. No. 271254.

CTA Case No. 10223, SMB's claim for refund for P147, was filed on December 11, 2019 and is pending with the CTA Second Division. In its Resolution dated July 19, 2022, the case was submitted for decision. On July 5, 2023, the CTA Second Division promulgated its Decision which ordered the CIR to refund or to issue a TCC in favor of SMB in the amount of P147 representing erroneously, excessively, and/or illegally collected excise taxes due on the removals of its subject beer products for the period covering January 1, 2018 to December 31, 2018.

On July 25, 2023, the CIR filed a Motion for Reconsideration on the aforesaid Decision, to which SMB filed an Opposition. In a Resolution dated October 9, 2023, the Court denied the Motion for Reconsideration of the CIR.

On December 14, 2023, the CIR appealed the Decision and Resolution of the CTA Second Division to the CTA En Banc by way of a Petition for Review, which was docketed as CTA EB No. 2834.

CTA Case No. 10745, SMB's claim for refund for P1,069, was personally filed on February 2, 2022 and is pending with the CTA First Division. The case is a consolidation of two claims, to wit:

- i. P8 under RA No. 10351 - the overpayment arose from the BIR's imposition of excise tax of P27.07 per liter on SMB's beer products for the period January 23, 2020 to February 9, 2020 based on Revenue Memorandum Circular (RMC) No. 90-2012 and RR No. 17-2012. Said BIR issuances are inconsistent with RA No. 10351 which imposes an excise tax of P26.44 per liter under Section 143 of the National Internal Revenue Code (NIRC), as amended by RA No. 10351 beginning January 1, 2020.
- ii. P1,061 under RA No. 11467 - the overpayment arose from the BIR's imposition of excise tax of P35.00 per liter on SMB's beer products, as provided under Section 143 of the NIRC, as amended by RA No. 11467, for the period January 23, 2020 to February 9, 2020. The said imposition was based on RMC No. 65-2020, as amended by RMC No. 113-2020, implementing RA No. 11467 at an earlier date (i.e., January 23, 2020) which is inconsistent with the actual effectivity date of RA No. 11467 (i.e., February 10, 2020).

The case is now submitted for decision.

Administrative Case

SMB filed an administrative claim for refund of overpayments of excise taxes for the period of January 1, 2020 to January 22, 2020 in the amount of P8 with the BIR on October 7, 2021. The BIR issued a TCC on December 17, 2021 in favor of SMB in the amount of P8 which was fully utilized against SMB's tax obligations in 2022.

iii. Filed by GSMI

GSMI filed two claims for refund for overpayments of excise taxes with the BIR which were then elevated to the CTA by way of petition for review as follows:

- (a) CTA Case Nos. 8953 and 8954: These cases pertain to GSMI's Claims for Refund with the BIR, in the amounts of P582 in Case No. 8953, and P133 in Case No. 8954, or in the total amount of P715, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the periods from January 1, 2013 up to May 31, 2013 in Case No. 8953, and from January 8, 2013 up to March 31, 2013 in Case No. 8954.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on said ethyl alcohol.

After several hearings and presentation of evidence, both parties filed their respective Formal Offers of Evidence.

On July 28, 2020, The CTA Third Division rendered its Decision and denied GSMI's Petition for Review. GSMI received the said Decision on August 24, 2020, for which it timely filed a Motion for Reconsideration on the aforementioned Decision on 02 September 2020, to which the Commissioner of Internal Revenue filed its Opposition.

The CTA Third Division issued an Amended Decision dated February 1, 2021 which partially granted GSMI's Motion for Reconsideration and ruled that GSMI is entitled to a partial refund of its erroneously and excessively paid excise taxes in the amount of P320 out of its original claim of P715.

GSMI and CIR subsequently filed Motions for Reconsideration on the aforesaid Amended Decision and Oppositions to each other's Motion for Reconsideration. In a Resolution dated October 28, 2021, the CTA Third Division denied for lack of merit GSMI's Motion for Reconsideration and CIR's Motion for Partial Reconsideration of the Amended Decision.

On January 4, 2022, GSMI elevated to the CTA En Banc the Decision dated 28 July 2020, Amended Decision dated February 1, 2021, and Resolution dated October 28, 2021 of the CTA Third Division, by way of a Petition for Review, which was docketed as CTA E.B. No. 2555.

Earlier, the CIR also filed a Petition for Review with the CTA En Banc elevating thereto the Amended Decision dated February 1, 2021 and Resolution dated October 28, 2021 of the CTA Third Division, and the same was docketed as CTA E.B. No. 2544.

On March 28, 2022, the Court En Banc ordered the Parties to file their respective Comments/Oppositions to the Petitions for Review. On April 7, 2022, GSMI filed a Motion for Extension of Time to File Comment on the Petition for Review in CTA EB No. 2544.

On April 21, 2022, GSMI filed its Comment on the Petition for Review. On May 30, 2022, the Court En Banc promulgated a Resolution which denied GSMI's Motion for Extension and submitted the Petitions for Review for decision. On June 13, 2022, GSMI filed its Motion for Reconsideration assailing the said Resolution.

On October 4, 2022, the Court En Banc promulgated a Resolution which set aside the May 30, 2022 Resolution insofar as the Petitions for Review were submitted for decision. The Resolution likewise directed the CIR to file a Comment to GSMI's Motion for Reconsideration, to which the CIR failed despite due notice.

On 18 January 2023, the CTA En Banc granted GSMI's Motion for Extension of Time to File Comment on the Petition for Review in CTA E.B. No. 2544 and admitted GSMI's Comment as part of the records of the case.

In a Decision dated January 18, 2024 received by GSMI on January 23, 2024, the CTA En Banc denied both the Petitions for Review of GSMI and the CIR, and affirmed the Amended Decision of the CTA Third Division dated October 28, 2021 awarding GSMI a partial refund of P320 only.

GSMI had fifteen (15) days from January 23, 2024, or until February 7, 2024, within which to file a Petition for Review on Certiorari with the Supreme Court. On January 30, 2024, GSMI filed a Motion for Extension of Time to File Petition for Review on Certiorari, praying for an extension of thirty (30) days from February 7, 2024, or until March 8, 2024 within which to file a Petition for Review on Certiorari.

On March 4, 2024, GSMI filed with the Supreme Court a Petition for Review on Certiorari dated March 1, 2024, and the same was docketed as SC G.R. No. 271363.

- (b) CTA Case No. 11052: This case is a judicial claim for refund of alleged deficiency taxes paid under protest by GSMI in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020, in the aggregate amount of P66.

On July 22, 2020, GSMI received a Notice of Discrepancy dated July 6, 2020 issued by the BIR (the "Original NOD"), which enjoined GSMI to pay alleged deficiency excise taxes in the amount of P40, inclusive of interests, for the period covering January 27, 2020 to February 9, 2020.

On August 6, 2020, GSMI submitted to the BIR its Letter-Reply to the Original NOD, where it emphasized that it is not liable to pay the alleged deficiency excise tax liability, and thus, requested its cancellation and withdrawal.

On October 13, 2020, GSMI received from the BIR a Letter dated September 18, 2020 with an attached Amended Notice of Discrepancy, which modified the amount of the alleged deficiency excise tax liability to P72, inclusive of interests, for the period covering January 23, 2020 to February 9, 2020.

On October 28, 2020, GSMI submitted to the BIR its Letter-Reply to the Amended NOD, where it reiterated its position that it is not liable for the alleged deficiency excise taxes.

On November 11, 2020, GSMI received from the BIR a Letter dated November 6, 2020 which reiterated the finding of alleged deficiency excise tax under the Amended NOD.

On December 29, 2020, GSMI paid under protest the amount of P66, representing the deficiency excise tax portion under the Amended NOD, through the BIR Electronic Filing and Payment System (eFPS).

On January 8, 2021, GSMI submitted to the BIR a Letter-Reply to the BIR's Letter dated November 6, 2020. GSMI reiterated its position that it is not liable for the alleged deficiency excise tax liability under the Amended NOD and informed the BIR that it paid under protest the amount of P66 through eFPS on December 29, 2020. In the same Letter-Reply, GSMI explained that with respect to the assessed penalties from the alleged late payment of the deficiency excise tax, it would avail the remedies available under Revenue Regulations No. 13-2001, as amended.

On July 16, 2021, GSMI received a copy of Letter of Authority (LOA) No. LOA-121-2021-00000109 dated July 1, 2021 issued by the BIR, authorizing its revenue officers to examine GSMI's books of accounts and other accounting records for all internal revenue taxes except for value-added tax for taxable year 2020.

On August 3, 2021, GSMI filed with the CIR an administrative claim for refund of the erroneously or illegally collected deficiency excise tax for the period covering January 23, 2020 to February 9, 2020, in the amount of P66, which GSMI paid under protest on December 29, 2020.

On March 7, 2022, the BIR issued a letter notifying GSMI on the transmittal of the entire docket to CIR's Legal Service Division for its resolution and issuance of a clarificatory ruling on the administrative claim for refund.

Prior to the expiry of the two-year statutory period to file judicial action for the recovery of erroneously or illegally collected internal revenue taxes, GSMI filed a Petition for Review with the CTA on December 28, 2022 pursuant to Section 204(C) and 229, Tax Code, and Section 3(a), Rule 8, Revised Rules of the Court of Tax Appeals (RRCTA) in order to preserve its right to claim by judicial action its claims for refund of its erroneously or illegally collected deficiency excise taxes, in connection with its removals of alcohol products for the period covering January 23, 2020 to February 9, 2020.

The case was docketed as CTA Case No.11052, and was raffled to the CTA's First Division. In a Resolution dated May 29, 2023, the CTA First Division ordered the transfer of the case to the CTA Third Division.

Upon service of Summons to the CIR and the filing of the CIR's Answer dated March 24, 2023, pre-trial conference was held on July 26, 2023. Pursuant to the CTA's Order, the parties filed their Joint Stipulation of Facts and Issues on August 29, 2023. Pre-trial was terminated upon the issuance of the CTA's Pre-Trial Order on September 5, 2023.

GSMI presented its lone witness during the hearing on October 4, 2023. At the same hearing, the CTA ordered GSMI to file its Formal Offer of Evidence (FOE) within 10 days therefrom, or not later than October 13, 2023.

GSMI filed its FOE on October 13, 2023. Respondent CIR filed his Comment with Manifestation on GSMI's FOE on November 17, 2023. Respondent CIR's counsel manifested that they will no longer present testimonial evidence since there was no report of the investigation on GSMI's refund claim forwarded to their office.

On January 25, 2024, GSMI received the CTA's Resolution dated January 23, 2024, which admitted its Exhibits "P-1" to "P-17" and "P-19" to "P-21", inclusive of sub-markings. Moreover, the CTA's Resolution noted the manifestation of Respondent CIR that he will no longer present evidence, constraining the CTA to direct the parties to submit their respective memorandum within thirty (30) days from receipt of the Resolution.

GSMI filed its Memorandum on February 23, 2024. The case is now submitted for resolution.

- (c) CTA Case No. 9059: This case pertains to GSMI's Claim for Refund with the BIR, in the total amount of P26, representing payments of excise tax erroneously, excessively, illegally, and/or wrongfully assessed on and collected from GSMI by the BIR on removals of its distilled spirits or finished products for the period from June 1, 2013 up to July 31, 2013.

The aforementioned assessment and collection arose from the imposition and collection of excise taxes on GSMI's finished products processed and produced exclusively from its inventory of ethyl alcohol, notwithstanding that excise taxes had already been previously paid by GSMI on the said ethyl alcohol.

After presentation of its testimonial and documentary evidence, GSMI filed its Formal Offer of Evidence and Supplemental Offer of Evidence, which were all admitted by the CTA. BIR's presentation of evidence was set to January 23, 2019.

In a decision dated February 6, 2020, the CTA denied GSMI's Claim for refund for insufficiency of evidence. On February 20, 2020, GSMI filed a Motion for Reconsideration of the said Decision. However, the Motion for Reconsideration was denied by the CTA on June 9, 2020. On August 28, 2020, GSMI elevated the case to the CTA *En Banc* by way of a Petition for Review.

In a Decision dated November 10, 2021, the CTA *En Banc* denied the Petition for Review filed by GSMI. The Decision dated 6 February 2020 and the Resolution dated June 9, 2020 of the CTA Second Division were affirmed.

On December 10, 2021, GSMI elevated the Decision of the CTA *En Banc* to the Supreme Court by way of a Petition for Review, which was docketed as SC G.R. No. 25839.

- Deficiency Tax Liabilities

- i. IBI

- (a) On December 27, 2016, IBI received a Formal Letter of Demand for tax year 2012 with a demand for payment of income tax, VAT, withholding tax, documentary stamp tax (DST) and miscellaneous tax deficiencies with administrative penalties. IBI filed a Protest. Due to the inaction of the BIR, IBI filed a Petition for Review with the CTA Third Division and docketed as CTA Case No. 9657.

On March 2, 2020, the CTA First Division promulgated its Decision partially granting IBI's Petition for Review. The assessment for deficiency income tax, VAT, DST and compromise penalty are cancelled and set aside. However, the assessment for deficiency expanded withholding tax is affirmed, and IBI was ordered to pay deficiency expanded withholding tax including interest and surcharges amounting to P5.

On October 29, 2020, the BIR filed a Petition for Review with CTA *En Banc*. On January 25, 2021, IBI filed its Comment to the Petition for Review. On July 21, 2022, the CTA *En Banc* denied the BIR's Petition for Review. Thereafter, the BIR filed for a motion for reconsideration which was also denied by the CTA *En Banc*.

The BIR filed a Petition for Review on Certiorari dated January 9, 2023 with the Supreme Court docketed as G.R. No. 264402.

- ii. SMFI

- a) SMFI vs. Office of the City Treasurer, City of Davao

SMFI filed several protests against the assessments issued by the City Treasurer of Davao City imposing permit fees to slaughter against its poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District both located in Davao City.

Following the dismissal of the appeals filed by SMFI with the Davao RTC, the following Petitions for review were filed with the CTA:

- CTA Case AC No. 209, filed on August 23, 2018
 - CTA Case AC No. 210, filed on November 12, 2018
 - CTA Case AC No. 249, filed on February 26, 2021

It is SMFI's position that Section 367 (a) of the 2005 Revenue Code of the City of Davao (Revenue Code of Davao City) on the imposition of permit fee to slaughter is applicable only to slaughterhouses operated by the City Government of Davao City. SMFI's poultry dressing plants in Sirawan, Toril District and Los Amigos, Tugbok District, being privately owned and operated slaughterhouses are beyond the coverage of Section 357 (a) of the Revenue Code of Davao City. In addition, given that SMFI is already paying ante and post mortem fees for the slaughter of poultry products pursuant to Section 367 (d) of the same Revenue Code, the assessment of permit fee to slaughter would constitute double taxation.

In CTA Case AC No. 209, the CTA First Division dismissed SMFI's Petition on May 29, 2020 and denied the Motion for Reconsideration on February 22, 2021. A Petition for Review was filed on May 12, 2021 with the CTA En Banc and docketed as CTA Case EB No. 2474. On January 31, 2023, the CTA En Banc denied SMFI's Petition. SMFI filed for a Motion for Reconsideration which was likewise denied on August 4, 2023. Following the denial, SMFI elevated and filed for Petition for Review with the Supreme Court on December 27, 2023, which is pending resolution to date.

Moreover, the CTA First Division also dismissed on July 3, 2020 the Petition docketed as CTA Case AC No. 210, and on July 28, 2021, SMFI's Motion for Reconsideration was denied. On October 8, 2021, SMFI filed a Petition for Review with the CTA En Banc docketed as CTA Case EB No. 2535, which was likewise denied on May 18, 2023. Thus, a Motion for Reconsideration was filed on September 15, 2023 with the same being denied on March 4, 2024.

Last, the CTA Special Third Division on October 12, 2022, dismissed the Petition for Review docketed as CTA Case AC No. 249 on the grounds of lack of jurisdiction on permit fees as it is not a tax, therefore outside the CTA's jurisdiction. In December 2022, SMFI filed a Motion for Reconsideration but was denied on November 9, 2023.

On April 2, 2024, SMFI decided not to pursue the above cases as the poultry dressing plants were already closed, therefore SMFI will no longer have future economic benefit from winning the cases.

- Intellectual Property Rights

- i. G.R. No. 196372: This case pertains to GSMI's application for the registration of the trademark "GINEBRA" under Class 33 covering gin with the Intellectual Property Office of the Philippines (IPOPHL). The IPOPHL rejected GSMI's application on the ground that "GINEBRA" is a Spanish word for gin, and is a generic term incapable of appropriation.

When the Court of Appeals affirmed the IPOPHL's ruling, GSMI filed a Petition for Review on Certiorari (the "Petition") with the Supreme Court. The Supreme Court denied GSMI's Petition. GSMI moved for a reconsideration thereof, and likewise filed a Motion to Refer its Motion for Reconsideration to the Supreme Court *En Banc*. The Supreme Court denied GSMI's Motion for Reconsideration with finality, as well as GSMI's Motion to Refer to its Motion for Reconsideration to the Supreme Court *En Banc*.

Subsequently, GSMI filed a Manifestation with Motion for Relief from Judgment (the "Manifestation") and invoked the case of *"League of Cities vs. Commission of Elections"* (G.R. Nos. 176951, 177499 and 178056) to invite the Supreme Court *En Banc* to re-examine the case. The Office of the Solicitor General filed its Comment Opposition to the Manifestation.

On June 26, 2018, the Supreme Court *En Banc* issued a Resolution which resolves to: (a) Accept the subject case which was referred to it by the Third Division in the latter's resolution dated August 7, 2017; (b) Treat as a Second Motion for Reconsideration (of the resolution dated June 22, 2011) GSMI's Manifestation with Motion for Relief from Judgment dated November 28, 2011; (c) Reinstate the Petition; and (d) Require the respondents to Comment on the Petition within a non-extendible period of ten (10) days from notice thereof.

Respondents, through the OSG, filed their Comment dated July 31, 2018 while GSMI filed its Reply with Leave on August 20, 2018.

On January 4, 2019, the Supreme Court Third Division issued a Resolution ordering the consolidation of the previously consolidated cases (G.R. Nos. 216104, 210224 and 219632) with the En Banc case (G.R. No. 196372), stating that "considering that all these cases involve identical parties and raise interrelated issues which ultimately stemmed from the registration of trademark of [TDI] and [GSMI] before the [IPO]."

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPO Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPO Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court En Banc resolved to transfer the consolidated cases from the Third Division to the En Banc, where this case which has the lowest docket number, i.e. G.R. No. 196372, was originally assigned, hence, all four cases are now consolidated and pending before the Supreme Court En Banc. Furthermore, the Supreme Court En Banc also noted GSMI's Manifestation dated February 3, 2020 on the IPO Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court En Banc promulgated a Decision in the four (4) consolidated Petitions. For G.R. No. 196372, GSMI's Petition for Review was granted. The Director of the Bureau of Trademarks was directed to reinstate GSMI's trademark application for "GINEBRA", cause its publication and give it due course

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022.

On August 29, 2023, the Supreme Court En Banc issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

- ii. G. R. Nos. 210224 and 219632: These cases pertain to GSMI's Complaint for Unfair Competition, Trademark Infringement and Damages against Tanduay Distillers, Inc. (TDI) filed with the RTC, arising from TDI's distribution and sale of its gin product bearing the trademark "Ginebra Kapitan" and use of a bottle design, which general appearance was nearly identical and confusingly similar to GSMI's product. The RTC dismissed GSMI's complaint.

When GSMI elevated the case to the Court of Appeals, due to technicalities, two (2) cases were lodged in the Court of Appeals: 1.) Petition for Review (CA-G.R. SP No. 127255), and 2.) Appeal (CA-G.R. SP No. 100332).

Acting on GSMI's Petition for Review, the Court of Appeals reversed, set aside the RTC's Decision, and ruled that "GINEBRA" is associated by the consuming public with GSMI. Giving probative value to the surveys submitted by GSMI, the Court of Appeals ruled that TDI's use of "GINEBRA" in "Ginebra Kapitan" produces a likelihood of confusion between GSMI's "Ginebra San Miguel" gin product and TDI's "Ginebra Kapitan" gin product. The Court of Appeals likewise ruled that "TDI knew fully well that GSMI has been using the mark/word 'GINEBRA' in its gin products and that GSMI's 'Ginebra San Miguel' has already obtained, over the years, a considerable number of loyal customers who associate the mark 'GINEBRA' with GSMI.

On the other hand, upon GSMI's Appeal, the Court of Appeals also set aside the RTC's Decision and ruled that "GINEBRA" is not a generic term there being no evidence to show that an ordinary person in the Philippines would know that "GINEBRA" is a Spanish word for "gin". According to the Court of Appeals, because of GSMI's use of the term in the Philippines since the 1800s, the term "GINEBRA" now exclusively refers to GSMI's gin products and to GSMI as a manufacturer. The Court of Appeals added that "the mere use of the word 'GINEBRA' in 'Ginebra Kapitan' is sufficient to incite an average person, even a gin-drinker, to associate it with GSMI's gin product," and that TDI "has designed its bottle and label to somehow make a colorable similarity with the bottle and label of Ginebra S. Miguel".

TDI filed separate Petitions for Review on Certiorari with the Supreme Court, docketed as G.R. Nos. 210224 and 219632, which were eventually consolidated by the Supreme Court on April 18, 2016.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the Supreme Court consolidated this case with Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPO Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPO Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court En Banc resolved to transfer the consolidated cases from the Third Division to the En Banc. Furthermore, the Supreme Court En Banc also noted GSMI's Manifestation dated February 3, 2020 on the IPO Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court En Banc promulgated a Decision in the four (4) consolidated Petitions. For G.R. Nos. 210224 and 219632, TDI's Petitions for Review were denied, with modification, such that TDI shall pay GSMI temperate damages of P300 and attorney's fees of P200; other awards of damages against TDI are deleted.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated August 9, 2022. On August 29, 2023, the Supreme Court En Banc issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

- iii. G.R. No. 216104: This case pertains to TDI's application for the registration of the trademark "GINEBRA KAPITAN" for Class 33 covering gin with the IPOPHL.

GSMI opposed TDI's application, alleging that it would be damaged by the registration of "GINEBRA KAPITAN" because the term "GINEBRA" has acquired secondary meaning and is now exclusively associated with GSMI's gin products. GSMI argued that the registration of "GINEBRA KAPITAN" for use in TDI's gin products will confuse the public and cause damage to GSMI. TDI countered that "GINEBRA" is generic and incapable of exclusive appropriation, and that "GINEBRA KAPITAN" is not identical or confusingly similar to GSMI's mark.

The IPOPHL ruled in favor of TDI and held that: (a) "GINEBRA" is generic for "gin"; (b) GSMI's products are too well known for the purchasing public to be deceived by a new product like "GINEBRA KAPITAN"; and (c) TDI's use of "GINEBRA" would supposedly stimulate market competition.

On July 23, 2014, the Court of Appeals reversed and set aside the IPOPHL's ruling and disapproved the registration of "GINEBRA KAPITAN". The Court of Appeals ruled that "GINEBRA" could not be considered as a generic word in the Philippines considering that, to the Filipino gin-drinking public, it does not relate to a class of liquor/alcohol but rather has come to refer specifically and exclusively to the gin products of GSMI.

TDI filed a Petition for Review on Certiorari with the SC, which was subsequently consolidated with the case of "*Tanduay Distillers, Inc. vs. Ginebra San Miguel Inc.*", docketed as G.R. No. 210224 on August 5, 2015.

On October 26, 2016, GSMI filed its Comment on TDI's Petition for Review on Certiorari.

On December 17, 2018, the SC consolidated this case with *Ginebra San Miguel Inc. vs. Court of Appeals, Director General of the Intellectual Property Office, and Director of the Bureau of Trademarks* (G.R. No. 196372).

On February 3, 2020, GSMI filed a Manifestation with the Supreme Court Third Division, informing the Court that on January 27, 2020, it received a copy of a Decision dated December 27, 2019 rendered by the IPO Director General in the consolidated appealed cases involving GSMI's Oppositions to TDI's applications for the registration of the marks "Ginebra Lime & Device," "Ginebra Orange & Device," "Ginebra Especial & Device" and "Ginebra Pomelo & Device", for use on gin products. In the joint Decision, the IPO Director General ruled in favor of GSMI and held that despite being generic or descriptive, the term "GINEBRA" had already attained a secondary meaning in relation to the gin products of GSMI. The Manifestation was filed to inform the Supreme Court Third Division of the status of cases in IPOPHL which involve GSMI's claim over "GINEBRA".

In a Resolution dated March 10, 2020, the Supreme Court En Banc resolved to transfer the consolidated cases from the Third Division to the En Banc. Furthermore, the Supreme Court En Banc also noted GSMI's Manifestation dated February 3, 2020 on the IPO Director General's Decision dated December 27, 2019.

On August 9, 2022, the Supreme Court En Banc promulgated a Decision in the four (4) consolidated Petitions. For, G.R. No. 216104, TDI's Petition for Review for the rejection of TDI's trademark application for "GINEBRA KAPITAN" was denied.

On April 17, 2023, GSMI received a copy of TDI's Motion for Reconsideration of the Decision dated 9 August 2022. On August 29, 2023, the Supreme Court En Banc issued a Resolution which denied with finality the Motion for Reconsideration filed by TDI in the consolidated Petitions.

(c) Commitments

The outstanding purchase commitments of the Group as at December 31, 2023 and 2022 amounted to P71,832 and P67,751, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

(d) Foreign Exchange Rates

The foreign exchange rates used in translating the US dollar accounts of foreign subsidiaries to Philippine peso were closing rates of P55.370 and P55.755 in 2023 and 2022, respectively, for consolidated statements of financial position accounts; and average rates of P55.632, P54.502 and P49.285 in 2023, 2022 and 2021, respectively, for income and expense account

- (e) Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported financial performance for any period.

37. Event After the Reporting Date

Declaration of Cash Dividends

On February 1, 2024, the BOD of the Parent Company declared cash dividends to all common shareholders of record as of February 16, 2024 amounting to P0.45 per common share. Cash dividends for common shares was paid on March 1, 2024.

C O V E R S H E E T

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

S	A	N		M	I	G	U	E	L		F	O	O	D		A	N	D		B	E	V	E	R	A	G	E	,	
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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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P	a	s	i	g		C	i	t	y																			

Form Type

A	A	F	S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's email Address

N/A

Company's Telephone Number/s

(02) 5317-5000

Mobile Number

N/A

No. of Stockholders

178

Annual Meeting (Month Day)

June 7

Fiscal Year (Month Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ildefonso B. Alindongan

Email Address

N/A

Telephone Number/s

(02) 5317-5000

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

100 E. Rodriguez Jr. Avenue C5 Road, Ugong, Pasig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

This discussion summarizes the significant factors affecting the consolidated financial position, financial performance and cash flows of San Miguel Food and Beverage, Inc. (SMFB or “the Parent Company”) and its subsidiaries (collectively, referred to as the “Group”) for the three-year period ended December 31, 2023. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as at December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023. All necessary adjustments to present fairly the Group’s consolidated financial position as at December 31, 2023 and the financial performance and cash flows for the year ended December 31, 2023 and for all the other periods presented, have been made.

I. BASIS OF PREPARATION

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Basis of Measurement

The consolidated financial statements of the Group have been prepared on historical cost basis, except for the following items which are measured on an alternative basis on each reporting date:

Items	Measurement Basis
Derivative financial instruments	Fair value
Financial assets at fair value through profit or loss (FVPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation
Agricultural produce	Fair value less estimated costs to sell at the point of harvest

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of amendments to standards as part of PFRS.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards effective January 1, 2023 and accordingly, changed its accounting policies in the following areas:

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments clarify that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique (estimate or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in the inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.
- Disclosure of Accounting Policies (Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments*). The key amendments to PAS 1 include requiring entities to disclose material accounting policies rather than significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are material to the financial statements. The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments require an entity to recognize deferred tax on transactions, such as leases for the lessee and decommissioning obligations, that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.
- International Tax Reform - Pillar Two Model Rules (Amendments to PAS 12). The amendments include a temporary, mandatory exemption from accounting for deferred taxes resulting from the introduction of the global minimum taxation and targeted disclosures in the notes for affected entities to enable users of financial statements to understand the extent to which an entity will be affected by the minimum tax, particularly before the legislation comes into force.

The accounting exemption is to be applied immediately after publication of the amendment.

The adoption of the amendments to standards did not have a material effect on the consolidated financial statements.

II. FINANCIAL PERFORMANCE

2023 vs 2022

(in millions)	DECEMBER		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2023	2022	AMOUNT	%	2023	2022
SALES	379,822	358,853	20,969	6%	100%	100%
COST OF SALES	279,222	261,480	17,742	7%	74%	73%
GROSS PROFIT	100,600	97,373	3,227	3%	26%	27%
SELLING AND ADMINISTRATIVE EXPENSES	(52,189)	(48,662)	(3,527)	7%	(14%)	(14%)
OPERATING RESULTS	48,411	48,711	(300)	(1%)	13%	14%
INTEREST EXPENSE AND OTHER						
FINANCING CHARGES	(4,752)	(3,538)	(1,214)	34%	(1%)	(1%)
INTEREST INCOME	3,067	821	2,246	274%	1%	0%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	(2)	(2)	-	0%	(0%)	(0%)
OTHER INCOME (CHARGES) - NET	3,154	(223)	3,377	(1514%)	1%	(0%)
INCOME BEFORE INCOME TAX	49,878	45,769	4,109	9%	13%	13%
INCOME TAX EXPENSE	11,773	11,104	669	6%	3%	3%
NET INCOME	38,105	34,665	3,440	10%	10%	10%
Attributable to:						
Equity holders of the Parent Company	23,118	22,263	855	4%	6%	6%
Non-controlling interests	14,987	12,402	2,585	21%	4%	3%
	38,105	34,665	3,440	10%	10%	10%

The Group delivered a year of steady topline growth despite the challenging macroeconomic conditions.

Consolidated sales in 2023 amounted to P379,822 million, 6% higher from the previous year, as all businesses delivered growth in sales compared to 2022 on improved volumes and pricing. This was attributed to improved volumes and pricing strategies. Consolidated net income, on the other hand, reached P38,105 million, 10% higher than in 2022.

Sales

Consolidated sales increased by 6% from P358,853 million in 2022 to P379,822 million in 2023. Sales in the Beer and NAB segment increased by 8% from P136,230 million in 2022 to P147,341 million in 2023, sales in the Spirits segment increased by 13% from P47,336 million in 2022 to P53,636 million in 2023, and sales in the Food segment increased by 2% from P175,287 million in 2022 to P178,845 million in 2023. The increase was propelled by higher volumes and better selling prices.

Cost of Sales

Consolidated cost of sales increased by 7% from P261,480 million in 2022 to P279,222 million in 2023. Cost of sales in the Beer and NAB segment increased by 8% from P85,774 in 2022 to P93,009 in 2023, cost of sales in the Spirits segment increased by 14% from P35,858 million in 2022 to P40,832 million in 2023, and cost of sales in the Food segment increased by 4% from P139,848 million in 2022 to P145,381 million in 2023. Cost increases were in line with higher sales volume across most segments, coupled with higher excise taxes and higher raw material costs in the earlier part of the year resulting from challenges such as inflationary pressures and operational setbacks.

The following table summarizes the cost of sales for the year ended December 31, 2023:

	Beer and NAB	Spirits	Food	Total
Inventories	P16,497	P15,883	P125,647	P158,027
Excise tax	67,829	22,991	-	90,820
Labor	2,052	397	2,552	5,001
Others	6,631	1,561	17,182	25,374
	P93,009	P40,832	P145,381	P279,222

Gross profit

Consolidated gross profit increased by 3% from P97,373 million in 2022 to P100,600 million in 2023. Gross profit in the Beer and NAB segment increased by 8% from P50,456 million in 2022 to P54,332 million in 2023, gross profit in the Spirits segment increased by 12% from P11,478 million in 2022 to P12,804 million in 2023, and gross profit in the Food segment decreased by 6% from P35,439 million in 2022 to P33,464 million in 2023, as the growth in volumes and prices were not sufficient to offset rising input costs.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 7% from P48,662 million in 2022 to P52,189 million in 2023. Selling and administrative expenses in the Beer and NAB segment increased by 9% from P20,937 million in 2022 to P22,919 million in 2023, selling and administrative expenses in the Spirits segment increased by 9% from P5,491 million in 2022 to P5,969 million in 2023, and selling and administrative expenses in the Food segment increased by 5% from P22,234 million in 2022 to P23,301 million in 2023 (includes expenses of the Parent Company amounting to P65 million and P64 million in 2023 and 2022, respectively). The consolidated increase was primarily due to activities intended to further support volume growth and expenses related to newly-acquired company trucks and newly built facilities that resulted in an increase in depreciation and manpower-related expenses.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges increased by 34% from P3,538 million in 2022 to P4,752 million in 2023. The increase was mainly due to higher interest rates on floating rate obligations and additional loan availment.

Interest Income

Consolidated interest income increased by 274% from P821 million in 2022 to P3,067 million in 2023. The increase was primarily due to higher money market placements with longer maturity periods and improved rates, as well as interests earned on investments in debt instruments.

Other Income (Charges) - Net

The Group recognized net other income amounting to P3,154 million in 2023 compared to net other charges in 2022 amounting to P223 million. This was primarily due to higher foreign exchange and marked to market gains based on favorable exchange rate movements, the Spirits segment's recognized income from the assignment of product rights, the Beer and NAB segment's Tax Credit Certificate issued by the Bureau of Internal Revenue (BIR) pursuant to tax refund cases, lower closure and closed facility-related expenses and lower casualty losses as compared to in 2022.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax increased by 9% from P45,769 million in 2022 to P49,878 million in 2023.

Income Tax Expense

The consolidated income tax expense increased by 6% amounting to P11,773 million in 2023 due to higher taxable income of the Group.

Net Income

As a result of the foregoing, the Group's consolidated net income increased by 10% from P34,665 million in 2022 to P38,105 million in 2023. Net income of the Beer and NAB segment increased by 16% from P21,750 million in 2022 to P25,322 million in 2023, net income of the Spirits segment increased by 55% from P4,547 million in 2022 to P7,046 million in 2023, and net income of the Food segment amounted to P5,737 million in 2023 (inclusive of operating and interest expenses of the Parent Company amounting to P853 million).

Non-Controlling Interests

Share of non-controlling interests in the Group's net income increased by 21% from P12,402 million in 2022 to P14,987 million in 2023 mainly due to the higher net income of the Group.

Net Income after Tax and Non-Controlling Interests

As a result of the foregoing, the Group's consolidated net income after tax and non-controlling interests increased by 4% to P23,118 million for the year ended December 31, 2023 versus the P22,263 million for the year ended December 31, 2022. Net income after tax and non-controlling interests of the Beer and NAB segment increased by 15% from P10,987 million in 2022 to P12,667 million in 2023, net income after tax and non-controlling interests of the Spirits segment increased by 55% from P3,446 million in 2022 to P5,339 million in 2023, and net income after tax and non-controlling interests of the Food segment decreased by 35% from P7,830 million in 2022 to P5,112 million in 2023 (inclusive of operating and interest expenses of the Parent Company amounting to P853 million).

Business Highlights for the year ended December 31, 2023

Beer and NAB

The Beer and NAB segment under San Miguel Brewery Inc. (SMB) sustained its growth and recovery in 2023 with consolidated revenues of P147,321 million, 8% higher than the previous year's revenue. The improvement was a result of higher volume performance coupled with the price increases for both its domestic and international operations.

Cost of sales increased by 8% to P93,009 million as of December 2023 with the higher sales volume of both domestic and international operations, and the increase in excise tax rate in the Philippines. The domestic operations accounted for P84,597 million, while the international operations recorded US\$152 million.

Consequently, income from operations rose to P31,413 million, 6% higher than in 2022.

Domestic Beer Operations

Domestic operations sustained its growth and recovery in 2023 with revenue of P131,720 million, 8% higher than the previous year mainly driven by volume growth and the impact of the price increase implemented on March 1, 2023. Volume growth was supported by the recovery of directly-served outlets, brand-building programs, consumer and trade activations as well as the resumption of tourism activities, fiestas and festivals.

Income from operations grew by 4% to P28,151 million compared to last year. Net income of P21,954 million for 2023 was 12% higher than last year's P19,542 million.

International Beer Operations

San Miguel Brewing International Limited (SMBIL) registered US\$281 million in consolidated revenue for the year 2023, 7% better than last year on account of the 6% growth in volumes.

SMBIL's global San Miguel brands including Red Horse grew across all operating countries and export markets, up 13% to negate the reduction in local beer brands (i.e., beer brands owned by the subsidiaries in the relevant markets) volume. Thailand operations' volumes were higher than last year attributable to the continued implementation of its multi-channel programs, along with the re-opening of more on-premise outlets in the market. South China operations' volumes improved by 10% from 2022 as a result of increased outlet yield and outlet penetration on the back of an expanded network of dealers and wholesalers. While global San Miguel brands grew in Hong Kong, Vietnam and Indonesia owing to the implementation of outlet penetration programs, this was offset by the shortfall in these markets' local beer brands. This was particularly more significant in the Indonesia operations as its local Anker beer brand contributes more than 80% of its total sales. SMBIL's Exports business posted a double-digit growth from last year resulting from higher shipments to UAE, Singapore, USA and some markets in Africa.

SMBIL's consolidated operating income for the year reached US\$59 million, 27% higher than last year owing to the volume growth, favorable margins and controlled fixed costs.

Spirits

The Spirits segment under Ginebra San Miguel Inc. (GSMI) ended the year 2023 with revenues up 13% to P53,636 million from P47,336 million last year driven by the price increase and higher volume. This, coupled with lower cost of packaging materials, offset by higher cost of alcohol and bottles resulted to P12,804 million in gross profit, 12% higher than in 2022.

Selling and marketing expenses jumped 9% from P3,397 million in 2022 to P3,716 million in 2023 primarily due to higher delivery costs, advertising and promotion, and repairs and maintenance.

General and administrative expenses increased by 8% to P2,253 million on account of higher personnel cost, outside services, and local taxes.

Interest expense and other financing charges is higher by 15% or P8 million mainly from GSMI's defined benefit plans.

Interest income in 2023 was higher at P552 million as compared with last year's P131 million primarily attributable to higher placements with longer maturity period and better interest rates, and earnings from advances and investments.

Other income in 2023 amounted to P2,038 million, compared to last year's net other charges of P6 million largely driven by the one-time income for the transfer of product rights and foreign exchange gains.

Income tax expenses increased 53% to P2,319 million in 2023 from P1,511 million in 2022 due primarily to the segment's higher taxable income at the current year-end.

Food

The Food segment posted revenues of P178,845 million in 2023, 2% higher compared to in 2022. Amid inflationary pressures affecting consumer demand, most businesses delivered higher revenues. The Protein business' volume achievement, however, was dampened by limited broiler supply in the first few months of the year, as well as lingering impact of the African Swine Fever (ASF).

The Protein business, comprised of the poultry and fresh meats businesses, registered revenues of P65,651 million, 3% lower than the same period last year, primarily due to capacity limitations that constrained poultry supply in the early part of the year. While grown broiler supply eventually improved in the second quarter, a surge in the industry inventory of imported frozen chicken around second semester pulled chicken selling prices down, further affecting the poultry business' revenue achievement for balance of the year. Meanwhile, revenues of the fresh meats business was still hampered by the resurgence of ASF in several provinces, resulting in a deliberate downscaling of our hog operations.

The Animal Nutrition and Health business posted revenues of P44,908 million, 5% higher than the same period last year, boosted by higher selling prices. The impact of industry depopulation caused by ASF, however, affected sales volumes.

The Prepared and Packaged Food business, consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee businesses, delivered revenues of P51,351 million, up by 3% from year ago level mainly on account of better selling prices. Despite tempered consumer spending, sales volume growth was noted for Purefoods Chicken Nuggets, Purefoods Luncheon Meat, Purefoods Chinese Luncheon Meat, as well as Magnolia's butter, cheese, salad aids and flour mixes. Volume growth momentum of San Mig Coffee's Sugarfree and Original variants were likewise sustained.

The Food segment's cost of sales at P145,395 million was 4% higher compared to in 2022 resulting from elevated costs of some of the major raw materials, aggravated by the impact of the Philippine peso depreciation. Operating costs and depreciation of new company-owned facilities also contributed to higher input and production costs.

As increase in costs of major raw materials and other production overhead outpaced revenue growth, the Food segment's gross profit dropped to P33,452 million, 6% lower compared to last year's level.

Selling and administrative expenses went up by 5% to P23,224 million mainly due to increase in manpower requirements to support expansion, as well as the implementation of wage board increases.

Hampered by the above-mentioned challenges, the Food segment's income from operations was weighed down to P10,228 million for the year 2023.

2022 vs 2021

(in millions)	DECEMBER		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2022	2021	AMOUNT	%	2022	2021
SALES	358,853	309,778	49,075	16%	100%	100%
COST OF SALES	261,480	219,306	42,174	19%	73%	71%
GROSS PROFIT	97,373	90,472	6,901	8%	27%	29%
SELLING AND ADMINISTRATIVE EXPENSES	(48,662)	(46,777)	(1,885)	4%	(14%)	(15%)
OPERATING RESULTS	48,711	43,695	5,016	11%	14%	14%
INTEREST EXPENSE AND OTHER						
FINANCING CHARGES	(3,538)	(3,360)	(178)	5%	(1%)	(1%)
INTEREST INCOME	821	468	353	75%	0%	0%
GAIN (LOSS) ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	(2)	196	(198)	(101%)	(0%)	0%
OTHER INCOME (CHARGES) - NET	(223)	(197)	(26)	13%	(0%)	(0%)
INCOME BEFORE INCOME TAX	45,769	40,802	4,967	12%	13%	13%
INCOME TAX EXPENSE	11,104	9,385	1,719	18%	3%	3%
NET INCOME	34,665	31,417	3,248	10%	10%	10%
Attributable to:						
Equity holders of the Parent Company	22,263	19,791	2,472	12%	6%	6%
Non-controlling interests	12,402	11,626	776	7%	3%	4%
	34,665	31,417	3,248	10%	10%	10%

The Group delivered another year of strong top- and bottom-line growth, posting its highest level of revenues and profits in a single quarter since its consolidation in 2018.

Consolidated sales in 2022 amounted to P358,853 million, 16% higher compared to in 2021. Consolidated net income, on the other hand, reached P34,665 million, 10% higher than in 2021, surpassing 2019 pre-pandemic levels.

Sales

Consolidated sales increased by 16% from P309,778 million in 2021 to P358,853 million in 2022. Sales in the Beer and NAB segment increased by 17% from P116,280 million in 2021 to P136,230 million in 2022, sales in the Spirits segment increased by 11% from P42,529 million in 2021 to P47,336 million in 2022, and sales in the Food segment increased by 16% from P150,969 million in 2021 to P175,287 million in 2022. The increase was propelled by higher volumes and better pricing across all segments of the Group.

Cost of Sales

Consolidated cost of sales increased by 19% from P219,306 million in 2021 to P261,480 million in 2022. Cost of sales in the Beer and NAB segment increased by 20% from P71,385 in 2021 to P85,774 in 2022, cost of sales in the Spirits segment increased by 13% from P31,756 million in 2021 to P35,858 million in 2022, and cost of sales in the Food segment increased by 20% from P116,165 million in 2021 to P139,848 million in 2022. Cost increases were in line with higher sales volume across most segments, coupled with higher excise taxes and rising raw material costs resulting from heightened geopolitical tensions, inflationary pressures and supply chain challenges.

The following table summarizes the cost of sales for the year ended December 31, 2022:

	Beer and NAB	Spirits	Food	Total
Inventories	P14,466	P14,321	P121,495	P150,282
Excise tax	62,894	19,920	-	82,814
Labor	1,863	357	2,139	4,359
Others	6,551	1,260	16,214	24,025
	P85,774	P35,858	P139,848	P261,480

Gross profit

Consolidated gross profit increased by 8% from P90,472 million in 2021 to P97,373 million in 2022. Gross profit in the Beer and NAB segment increased by 12% from P44,895 million in 2021 to P50,456 million in 2022, gross profit in the Spirits segment increased by 7% from P10,773 million in 2021 to P11,478 million in 2022, and gross profit in the Food segment increased by 2% from P34,804 million in 2021 to P35,439 million in 2022, as a result of an increase in volumes and/or selling prices across the business segments.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 4% from P46,777 million in 2021 to P48,662 million in 2022. Selling and administrative expenses in the Beer and NAB segment increased by 16% from P17,978 million in 2021 to P20,937 million in 2022, selling and administrative expenses in the Spirits segment was maintained at the same level at P5,480 million in 2021 compared to P5,491 million in 2022, and selling and administrative expenses in the Food segment decreased by 5% from P23,319 million in 2021 to P22,234 million in 2022 (includes expenses of the Parent Company amounting to P64 million and P86 million in 2022 and 2021, respectively). The consolidated increase was primarily due to activities intended to further support volume growth, as well as amendments to the Group's retirement benefits.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges increased by 5% from P3,360 million in 2021 to P3,538 million in 2022. The minimal increase was mainly due to additional loan availments and interest related to the acquisition of land, offset by lower cost of some debt that was refinanced.

Interest Income

Consolidated interest income increased by 75% from P468 million in 2021 to P821 million in 2022. The increase was primarily due to higher money market placements with longer maturity periods and higher interest rates.

Loss on Sale of Investments and Property and Equipment

The Group recognized consolidated loss on sale of investments and property and equipment amounting to P2 million resulting from assets disposed and retired during the period.

Other Charges - Net

The Group recognized other consolidated charges amounting to P223 million in 2022 compared to other charges in 2021 amounting to P197 million. This was primarily due to higher foreign exchange losses due to the depreciation of the peso against the US dollar and decrease in other income, compared to 2021 that had higher other income due to the Beer and NAB segment's Tax Credit Certificates and the Food segment's sale of its trademark. Meanwhile, for 2022, the Beer and NAB and Food segments registered higher closure-related expenses offset by gain on insurance claims.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax increased by 12% from P40,802 million in 2021 to P45,769 million in 2022.

Income Tax Expense

The consolidated income tax expense increased by 18% amounting to P11,104 million in 2022 due to higher taxable income of the Group.

Net Income

As a result of the foregoing, the Group's consolidated net income increased by 10% from P31,417 million in 2021 to P34,665 million in 2022. Net income of the Beer and NAB segment increased by 6% from P20,449 million in 2021 to P21,750 million in 2022, net income of the Spirits segment increased by 9% from P4,179 million in 2021 to P4,547 million in 2022, and net income of the Food segment increased by 23% from P6,789 million in 2021 to P8,368 million in 2022 (inclusive of operating and interest expenses of the Parent Company amounting to P850 million).

Non-Controlling Interests

Share of non-controlling interests in the Group's net income increased by 7% from P11,626 million in 2021 to P12,402 million in 2022 mainly due to the higher net income of the Group.

Net Income after Tax and Non-Controlling Interests

As a result of the foregoing, the Group's consolidated net income after tax and non-controlling interests increased by 12% to P22,263 million for the year ended December 31, 2022 versus the P19,791 million for the year ended December 31, 2021. Net income after tax and non-controlling interests of the Beer and NAB segment increased by 7% from P10,247 million in 2021 to P10,987 million in 2022, net income after tax and non-controlling interests of the Spirits segment increased by 9% from P3,167 million in 2021 to P3,446 million in 2022, and net income after tax and non-controlling interests of the Food segment increased by 23% from P6,377 million in 2021 to P7,830 million in 2022 (inclusive of operating and interest expenses of the Parent Company amounting to P850 million).

Business Highlights for the year ended December 31, 2022

Beer and NAB

The Beer and NAB segment displayed strong performance in 2022 with consolidated revenues of P136,230 million, 17% higher than 2021's revenue.

Cost of sales increased by 20% to P85,774 million as of December 2022 with the higher sales volume of both domestic and international operations, and the increase in excise tax rate in the Philippines. The domestic operations accounted for P77,593 million, while the international operations recorded US\$150 million.

Consequently, income from operations rose to P29,519 million, 10% higher than in 2021.

The business' robust performance was driven by brand-building and demand-generating programs in key channels on back of the country's positive economic growth, eased restrictions and continued market reopening.

Domestic Beer Operations

Domestic operations performed strongly in 2022 reaching revenue of P121,849 million driven by the significant volume growth, better brand mix and the full year impact of the October 2021 price increase. Alcoholic beverages' accelerated growth was attributed to engaging brand campaigns, demand-generation and defense programs in relevant channels.

Income from operations of P26,993 million for 2022 was 7% higher than P25,224 million in 2021. The upbeat performance of SMB was supported by relevant tradigital campaigns complemented by visibility drive and channel-specific consumer promos to further boost demand and improve value proposition of SMB brands.

As a result, net income rose 5% over 2021 to P19,542 million.

International Beer Operations

SMBIL registered US\$264 million in consolidated revenue for the year 2022, 16% higher than in 2021 as a result of the 15% increase in volumes.

SMBIL's global San Miguel brands volumes registered double-digit growth, translating to a 22% increase versus 2021 volumes, reduced by the slight decline in local brands sales, particularly Blue Ice in Hong Kong and W1n Bia in Vietnam. Thailand, Indonesia and Exports operations consistently recorded high growth rates. Thailand operations posted 135% volume growth from 2021 due to the implementation of multi-channel programs, aided by the continued reopening of the economy and revival of tourism. On-premise recovery programs, expanded penetration and tele-sales initiatives, as well as the continued growth of the modern trade off-premise channel drove the increase in sales. Volumes of Indonesia operations remained favorable driven by distributor and wholesaler incentive programs, as well as the continuing recovery in the on-premise outlets and return of tourists and local visitors in Batam and in Bali. SMBIL's Exports business sustained its volume growth momentum from 2021 driven by programs in the modern trade off-premise and wholesaler channels. Meanwhile, sales in Hong Kong, South China and Vietnam operations were lower at year-end but are showing signs of recovery. The dynamic zero-COVID-19 policy, while keeping infections and fatality rates low, resulted in curbs and restrictions that affected the volumes of Hong Kong and South China operations. With focused programs to recover volume since late April 2022, San Miguel Brewery Hong Kong Limited was able to narrow down the volume decline to just 6% lower versus 2021. South China operations' domestic volume decline was reduced to 8% in the second semester of 2022 versus the 18% in the first semester as the government implemented less restrictive COVID-19 measures in on-premise outlets beginning third quarter of 2022, aided by the continued re-penetration drive program with wholesaler incentive trade support. The extended on-premise and domestic restrictions in the first semester of 2022 largely affected the volumes in Vietnam but was cushioned by the growth of San Miguel brands in the last half of the year as a result of sales expansion programs.

SMBIL's consolidated operating income for the year 2022 was higher by 33% at US\$46 million, largely driven by favorable volumes, increased selling prices and managed fixed expenses, tempered by increasing production costs.

Spirits

The Spirits segment delivered another solid performance in 2022, setting a new record high in sales and profits. Sales grew 11% to P47,336 million in 2022, as a result of a 7% increase in volumes to an all-time high of approximately 45 million cases, as well as modest price increases. Similarly, cost of sales increased by 13% from 2021, mainly related to higher volume sold. This resulted to gross profit of P11,478 million which is 7% higher than that in 2021.

Interest expense and other financing charges increased in 2022 versus 2021, primarily related to the retirement plan's actuarial valuation. On the other hand, interest income posted a 245% increase from 2021 due to higher money market placements with higher interest rates.

Net other charges amounting to P6 million was also recognized in contrast to net other income from 2021 due to the depreciation of the peso against the US dollar resulting to foreign exchange and marked-to-market losses.

With the sustained revenue growth coupled with effective cost management, the Spirits segment's net income increased by 9% to P4,547 million versus 2021.

Food

The Food segment sustained strong top line performance throughout the year and delivered consolidated revenues of P175,287 million, 16% higher than in 2021. Most businesses delivered double-digit revenue growth on account of volume growth, as well as better selling prices as a result of purposive price hikes to partly cushion impact of rising cost of major raw materials and other manufacturing input costs.

The Protein business, comprised of poultry and fresh meats, registered higher revenues at P67,938 million, up by 4% compared to 2021's level. Revenues of the poultry business grew by 10%, as tight supply kept selling prices of chicken on the high side. Continuous recovery of out-of-home dining resulted in the foodservice segment's increased demand for chicken. The Magnolia Chicken Timplados® line continued to benefit from positive market acceptance, boosting sales volume achievement. Meanwhile, revenues of the fresh meats business declined against 2021's level alongside downsized hog operations. Pork selling prices remain elevated due to a shortage in the pork industry supply brought about by the prolonged impact of ASF.

The Animal Nutrition and Health business posted revenues of P42,811 million, 26% higher compared to full year 2021, driven by better selling prices and increased volume. Amidst a series of price increases implemented to partly pass-on the impact of higher raw material costs, sales volume of broiler, layer and hog feeds still grew, primarily enabled by superior feed quality and consistent supply availability. Sustained recovery of hog feeds, opening of new accounts, and wider distribution also contributed to volume growth.

The Prepared and Packaged Food business, consisting of the processed meats, ready-to-eat and plant-based food, dairy, spreads and coffee businesses, registered revenues of P49,706 million, rising by 17% against 2021 level. The frozen processed meats category sustained volume growth momentum, led by Tender Juicy® Hotdogs, Purefoods Chicken Nuggets and Purefoods native line. Volume growth of the canned processed meats category, on the other hand, was led by Purefoods Corned Beef, Purefoods Luncheon Meat and Star canned products. Magnolia's butter, cheese, flour premix and salad aids, as well as San Mig Coffee's Sugarfree, Original and Barako variants, likewise recorded volume growth.

The Food segment's cost of sales at P139,848 million was 20% higher than same period in 2021. Driving the increase were sales volume growth and higher prices of key manufacturing inputs. Costs of major raw materials such as wheat, corn, soybean meal, imported meat, dairy, and other materials, as well as fuel and power, all rose to unprecedented levels. The continuing Russia-Ukraine tension, global supply constraints, and the impact of the Philippine peso depreciation also contributed to inflationary increase in production costs.

Despite sharp cost increases, the Food segment's gross profit reached P35,439 million, up 2% from 2021.

Selling and administrative expenses were well-contained at P22,170 million, 5% lower than in 2021, through prudent fixed cost spending, optimized utilization of company-owned plants and warehouses, and judicious spending on revenue-generating advertising and promotional costs.

As a result, the Food segment's operating income rose to P13,270 million, 15% higher compared to in 2021.

III. FINANCIAL POSITION

2023 vs 2022

(in millions)	December 2023	December 2022	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	57,007	41,099	15,908	39%	16%	12%
Trade and other receivables - net	25,869	22,110	3,759	17%	7%	7%
Inventories	43,096	60,746	17,650	(29%)	12%	18%
Current portion of biological assets - net	3,515	3,418	97	3%	1%	1%
Prepaid expenses and other current assets	6,216	5,412	804	15%	2%	2%
Assets held for sale	186	172	14	8%	0%	0%
Total Current Assets	135,889	132,957	2,932	2%	38%	39%
Noncurrent Assets						
Investments - net	17,128	17,143	(15)	(0%)	5%	5%
Property, plant and equipment - net	118,000	106,611	11,389	11%	33%	31%
Right-of-use assets - net	4,633	5,171	(538)	(10%)	1%	2%
Investment property - net	3,537	3,638	(101)	(3%)	1%	1%
Biological assets - net of current portion	2,667	2,671	4)	(0%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,444	39,365	79	0%	11%	12%
Deferred tax assets	3,209	2,510	699	28%	1%	1%
Other noncurrent assets - net	30,272	28,416	1,856	7%	9%	8%
Total Noncurrent Assets	219,886	206,521	13,365	6%	62%	61%
Total Assets	355,775	339,478	16,297	5%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	14,684	21,055	(6,371)	(30%)	4%	6%
Trade payables and other current liabilities	65,288	62,536	2,752	4%	18%	18%
Lease liabilities - current portion	418	432	(14)	(3%)	0%	0%
Income and other taxes payable	9,668	5,474	4,194	77%	3%	2%
Dividends payable	79	67	12	18%	0%	0%
Current maturities of long-term debt - net of debt issue costs	12,871	506	12,365	2444%	4%	0%
Total Current Liabilities	103,008	90,070	12,938	14%	29%	27%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	69,939	77,733	(7,794)	(10%)	20%	23%
Deferred tax liabilities	26	23	3	13%	0%	0%
Lease liabilities – net of current portion	4,758	5,041	(283)	(6%)	1%	1%
Other noncurrent liabilities	8,929	7,538	1,391	18%	3%	2%
Total Noncurrent Liabilities	83,652	90,335	(6,683)	(7%)	24%	27%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	103%	108%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(92%)	(97%)
Equity reserves	(2,094)	(836)	(1,258)	150%	(1%)	(0%)
Retained earnings:						
Appropriated	45,392	31,366	14,026	45%	13%	9%
Unappropriated	50,996	57,860	(6,864)	(12%)	14%	17%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(9%)
Equity Attributable to Equity Holders of the Parent Company	109,190	103,286	5,904	6%	31%	30%
Non-controlling Interests	59,925	55,787	4,138	7%	17%	16%
Total Equity	169,115	159,073	10,042	6%	48%	47%
Total Liabilities and Equity	355,775	339,478	16,297	5%	100%	100%

Consolidated total assets as of December 31, 2023 amounted to P355,775 million, 5% or P16,297 million higher than as of December 31, 2022. The increase was primarily due to higher ending cash and receivable levels, and expansion projects of the Group. Consolidated total liabilities as of December 31, 2023 amounted to P186,660 million, 3% or P6,255 million higher than in December 31, 2022. The increase was

primarily due to the availment of long-term debt of the Beer and NAB segment, and short-term loans of the Spirits segment.

Cash and cash equivalents increased by 39% or by P15,908 due to higher cash generated from operations, proceeds from transfer of product rights, and deferred VAT remittance that was offset by payment of dividends and funding of investing activities.

Trade and other receivables increased by 17% or by P3,759 relative to higher sales and interest receivables from higher money market placements.

Inventories decreased by 29% or by P17,650 million mainly due to the normalized level coming from the high level in December 2022 due to purposive buying of raw materials at that time in anticipation of price increases, depletion of hedged meat materials, and higher production volumes.

Prepaid expenses and other current assets increased by 15% or by P804 million due to higher input tax balance as of the end of the year as a result of the BIR's implementation of quarterly filing of VAT starting 2023 compared to the usual monthly filings in the prior year, the Beer and NAB Segment's receipt of Tax Credit Certificate from tax refund cases, and higher excise tax prepayments.

Property, plant and equipment increased by 11% or by P11,389 million mainly due to the expansion projects of the Food and Beer and NAB segments.

Right-of-use assets decreased by 10% or by P538 million mainly due to the depreciation of assets.

Deferred tax assets increased by 28% or by P699 million mainly due to the recognition of deferred tax on provision for inventory losses and adjustment on retirement costs of the Group based on latest actuarial valuation report of retirement plans.

Other noncurrent assets increased by 7% or by P1,856 million due to the Food segment's deposits on land for future development and reclassification of some property, plant and equipment as idle assets, and the Beer and NAB segment's higher provision for deferred containers.

Notes payable decreased by 30% or by P6,371 million mainly due to the Food segment's settlement of short-term loans, partially offset by the Spirits segment's new availment.

Income and other taxes payable increased by 77% or by P4,194 million due to the higher taxable income of the Group and higher VAT payable due to the implementation of quarterly remittances starting 2023 as compared to 2022's monthly filing.

Dividends payable increased by 18% or by P12 million mainly due to higher unclaimed dividends relative to higher dividends declared during the year.

Long-term debt had a net increase of 6% or P4,571 million mainly due to the availment of long-term loan of the Beer and NAB segment.

Other noncurrent liabilities increased by 18% or by P1,391 million mainly due to the Group's increase in retirement liabilities based on latest actuarial valuation report of retirement plans.

Consolidated total equity as of December 31, 2023 amounted to P169,115 million, 6% or P10,042 million higher than as of December 31, 2022. The increase was primarily due to the net income amounting to P38,105 million which was offset by the dividends declared by the Group amounting P26,390 million.

2022 vs 2021

(in millions)	December 2022	December 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	%	2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	41,099	41,581	(482)	(1%)	12%	14%
Trade and other receivables - net	22,110	22,857	(747)	(3%)	7%	8%
Inventories	60,746	44,429	16,317	37%	18%	15%
Current portion of biological assets - net	3,418	3,106	312	10%	1%	1%
Prepaid expenses and other current assets	5,412	6,357	(945)	(15%)	2%	2%
Asset held for sale	172	-	172	0%	0%	0%
Total Current Assets	132,957	118,330	14,627	12%	39%	40%
Noncurrent Assets						
Investments - net	17,143	5,157	11,986	232%	5%	2%
Property, plant and equipment - net	106,611	91,085	15,526	17%	31%	31%
Right-of-use assets - net	5,171	4,747	424	9%	2%	2%
Investment property - net	3,638	3,385	253	7%	1%	1%
Biological assets - net of current portion	2,671	2,244	427	19%	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,365	39,160	205	1%	12%	13%
Deferred tax assets	2,510	2,137	373	17%	1%	1%
Other noncurrent assets - net	28,416	30,383	(1,967)	(6%)	8%	10%
Total Noncurrent Assets	206,521	179,294	27,227	15%	61%	60%
Total Assets	339,478	297,624	41,854	14%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	21,055	5,191	15,864	306%	6%	2%
Trade payables and other current liabilities	62,536	60,817	1,719	3%	18%	20%
Lease liabilities - current portion	432	412	20	5%	0%	0%
Income and other taxes payable	5,474	5,605	(131)	(2%)	2%	2%
Dividends payable	67	57	10	18%	0%	0%
Current maturities of long-term debt - net of debt issue costs	506	7,180	(6,674)	(93%)	0%	2%
Total Current Liabilities	90,070	79,262	10,808	14%	27%	27%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	77,733	66,225	11,508	17%	23%	22%
Deferred tax liabilities	23	26	(3)	(12%)	0%	0%
Lease liabilities – net of current portion	5,041	4,422	619	14%	1%	1%
Other noncurrent liabilities	7,538	2,227	5,311	238%	2%	1%
Total Noncurrent Liabilities	90,335	72,900	17,435	24%	27%	24%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	108%	123%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(97%)	(110%)
Equity reserves	(836)	(950)	114	(12%)	(0%)	(0%)
Retained earnings:	-	-	-	-	-	-
Appropriated	57,860	48,448	9,412	19%	17%	16%
Unappropriated	31,366	31,043	323	1%	9%	10%
Treasury stock	(30,182)	(30,182)	-	0%	(9%)	(10%)
Equity Attributable to Equity Holders of the Parent Company	103,286	93,437	9,849	11%	30%	31%
Non-controlling Interests	55,787	52,025	3,762	7%	16%	17%
Total Equity	159,073	145,462	13,611	9%	47%	49%
Total Liabilities and Equity	339,478	297,624	41,854	14%	100%	100%

Consolidated total assets as of December 31, 2022 amounted to P339,478 million, 14% or P41,854 million higher than as of December 31, 2021. The increase was primarily due to higher ending inventory levels, additional investments, and expansion projects of the Group. Consolidated total liabilities as of December 31, 2022 amounted to P180,405 million, 19% or P28,243 million higher than in December 31, 2021. The increase was primarily due to the availment of long-term debt of the Beer and NAB segment, and short-term loans of the Food segment.

Inventories increased by 37% or by P16,317 million on account of higher cost of raw materials and higher level of raw materials and finished goods as compared to 2021's ending inventory levels.

Prepaid expenses and other current assets decreased by 15% or by P945 million as a result of the application of creditable withholding taxes to income tax payable and lower input taxes.

Investments increased by 232% or by P11,986 million primarily due to investment in debt instruments and higher valuation of club shares.

Property, plant and equipment increased by 17% or by P15,526 million mainly due to the expansion projects of the Food and Beer and NAB segments.

Investment property increased by 7% or by P253 million due to the reclassification of a portion of property from owner-occupied and previous deposits to investment property.

Right-of-use assets increased by 9% or by P424 million due to additional set up for leased assets.

Biological assets went up 14% or by P739 million due to the Food segment's increase in breeding stocks and rising input costs.

Deferred tax assets increased by 17% or by P373 million due to the effect of actuarial valuation and adjustments on retirement plans of the Group and the Beer and NAB segment's higher provision for deferred containers.

Notes payable increased by 306% or by P15,864 million mainly due to the Food segment's additional availments of short-term loans.

Dividends payable increased by 18% or by P10 million mainly due to the increase in unclaimed dividends payable of the Group.

Long-term debt had a net increase of 7% or P4,834 million due to the availment of long-term loans of the Beer and NAB segment.

Other noncurrent liabilities increased by 238% or by P5,311 million mainly due to the Food segment's purchase of properties on account, and the Beer and NAB segment's recognition of retirement liabilities.

Consolidated total equity as of December 31, 2022 amounted to P159,073 million, 9% or P13,611 million higher than as of December 31, 2021. The increase was primarily due to the net income amounting to P34,665 million which was offset by the dividends declared by the Group amounting P21,380 million.

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	December 31		
<i>(in Millions)</i>	2023	2022	2021
Net cash flows provided by operating activities	P76,831	P39,811	P44,478
Net cash flows used in investing activities	(27,690)	(35,425)	(16,689)
Net cash flows used in financing activities	(33,194)	(5,698)	(23,673)

Net cash from operations basically consisted of income for the period and changes in non-cash current assets, certain current liabilities and others.

Net cash used in investing activities include the following:

	December 31		
<i>(in Millions)</i>	2023	2022	2021
Additions to investments, property, plant and equipment and investment property	(P15,748)	(P26,463)	(P10,874)
Increase in biological assets, intangible assets and other noncurrent assets	(15,153)	(9,860)	(6,660)
Interest received	2,937	730	446
Dividends received	139	137	123
Proceeds from sale of investments and property and equipment	135	31	276

Net cash used in financing activities consist of the following:

	December 31		
<i>(in Millions)</i>	2023	2022	2021
Proceeds from short-term and long-term borrowings	P232,332	P112,453	P106,138
Payments of short-term and long-term borrowings	(234,255)	(91,862)	(105,518)
Cash dividends paid	(26,378)	(21,370)	(18,404)
Payments of lease liabilities	(520)	(603)	(596)
Interest paid	(5,442)	(4,316)	(4,155)
Share issuance costs	(1)	-	11
Decrease in non-controlling interests	-	-	(1,000)
Increase (decrease) in other non-current liabilities	1,070	-	(149)

The effect of exchange rate changes on cash and cash equivalents amounted to (P39) million, P830 million and P452 million for the periods ended December 31, 2023, 2022 and 2021, respectively.

V. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The unappropriated retained earnings of the Parent Company as at December 31, 2023 and 2022 is restricted in the amount of P182 million representing the cost of common shares held in treasury.

The Group's unappropriated retained earnings includes the accumulated earnings in subsidiaries which is not available for declaration as dividends until declared by the respective investees.

VI. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the periods indicated below.

KPI	As of December 31, 2023	As of December 31, 2022
Liquidity: Current Ratio Quick Ratio	1.32 0.81	1.48 0.70
Solvency: Debt to Equity Ratio Asset to Equity Ratio	1.10 2.10	1.13 2.13
Profitability: Return on Average Equity Attributable to Equity Holders of the Parent Company	21.76%	22.63%
Interest Rate Coverage Ratio	11.50	13.94
Return on Assets	10.96%	10.88%

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Operating Efficiency: Volume Growth Revenue Growth Operating Margin	0.60% 5.84% 12.75%	6.00% 15.84% 13.57%

The manner by which the Group calculates the above indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity Attributable to Equity Holders of the Parent Company	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}^{**}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Sales at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Excluding cash dividends paid to preferred shareholders

** Excluding preferred capital stock and related additional paid-in capital

VII. OTHER MATTERS

a) Commitments

The outstanding purchase commitments of the Group as at December 31, 2023 and 2022 amounted to P71,832 million and P67,751 million, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b) There are no unusual items as to the nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- c) There were no material changes in estimates of amounts reported in prior interim periods of the current year or material changes in estimates of amounts reported in prior financial years.
- d) There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate any cash flow or liquidity problems within the next 12 months. The Group was not in default or breach in any material respect of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- e) There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- f) There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation, and there were no material changes in contingent liabilities and contingent assets, except for Note 38 of the Audited Consolidated Financial Statements as at December 31, 2023.
- g) There are no significant elements of income or loss that did not arise from continuing operations.
- h) Sales are affected by seasonality of customer purchase patterns. In the Philippines, food and alcoholic beverages, including those the Group produce, generally experience increased sales during the Christmas season. In addition, alcoholic beverages experience increased sales in the summer season, which typically slow down in the third quarter on account of rainy weather. As a result, performance for any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and the Group's financial condition and results of operations may fluctuate significantly from quarter to quarter.
- i) There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
100 E. Rodriguez Jr. Avenue (C-5 Road)
Barangay Ugong, Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the separate financial statements of San Miguel Food and Beverage, Inc. (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated April 12, 2024.

Our audits were made for the purpose of forming an opinion on the separate financial statements of the Company taken as a whole. The supplementary information included in the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

JOSE P. JAVIER, JR.

Partner

CPA License No. 0070807

Tax Identification No. 112-071-224

BIR Accreditation No. 08-001987-046-2022

Issued October 17, 2022; valid until October 17, 2025

PTR No. MKT 10075183

Issued January 2, 2024 at Makati City

April 12, 2024

Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the reporting period ended December 31, 2023
(Amounts in Thousands)

San Miguel Food and Beverage, Inc.
(A Subsidiary of San Miguel Corporation)
100 E. Rodriguez Jr. Avenue (C-5 Road), Barangay Ugong, Pasig City

Unappropriated Retained Earnings, beginning of reporting period		P2,761,887
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		15,954,894
Unappropriated Retained Earnings, as adjusted		13,193,007
Add: Net income for the current year		15,516,475
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Impairment loss on trademark	P386,000	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	43	
Sub-total		386,043
Adjusted Net Income		15,349,517
Add: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Impairment loss on Investment	122,000	
Benefit from income tax deferred	97,085	
Sub-total		219,085
Total Retained Earnings, end of the reporting period available for dividend		P2,156,510



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
San Miguel Food and Beverage, Inc.
100 E. Rodriguez Jr. Avenue (C-5 Road)
Barangay Ugong, Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of San Miguel Food and Beverage, Inc. (the Company) and Subsidiaries (the Group), as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated April 12, 2024.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'JOSE P. JAVIER, JR.' with a stylized flourish at the end.

JOSE P. JAVIER, JR.

Partner

CPA License No. 0070807

Tax Identification No. 112-071-224

BIR Accreditation No. 08-001987-046-2022

Issued October 17, 2022; valid until October 17, 2025

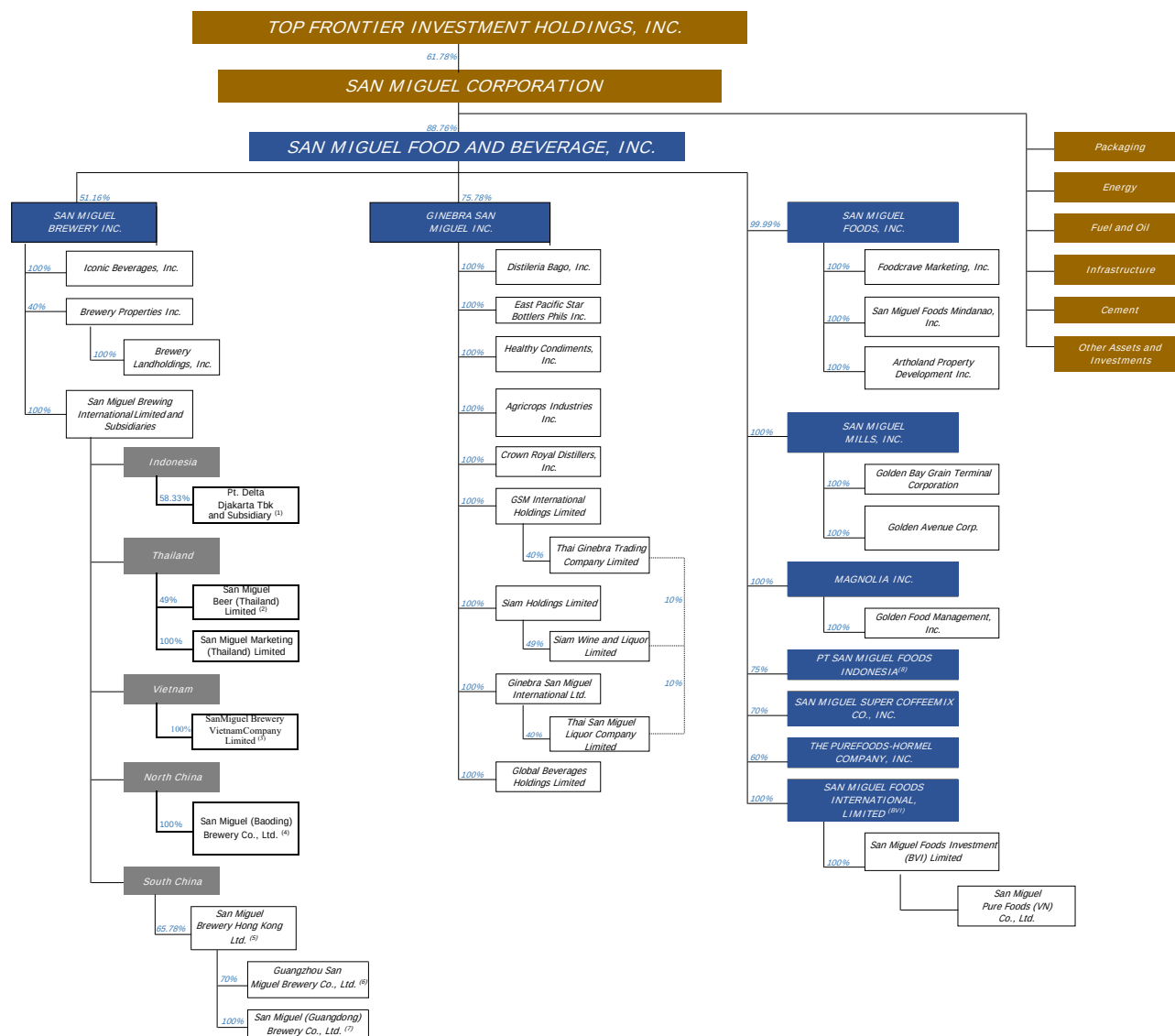
PTR No. MKT 10075183

Issued January 2, 2024 at Makati City

April 12, 2024

Makati City, Metro Manila

**SAN MIGUEL FOOD AND BEVERAGE,
INC. MAP OF THE CONGLOMERATE
DECEMBER 31, 2023**



The structure includes the ultimate parent company, Top Frontier Investment Holdings, Inc. and the intermediate parent company, San Miguel Corporation with its major subsidiaries, associates and joint ventures.

1. San Miguel Food and Beverage, Inc.

2. Owned thru San Miguel Malaysia (L) Pte. Ltd.

3. Owned thru San Miguel Holdings (Thailand) Limited

4. Owned thru Dragon Island Investments Limited and San Miguel (Vietnam) Limited

5. Owned thru San Miguel Brewing International Limited (BVI) and San Miguel (China) Investment Company Limited. The company has ceased operations and is in the process of liquidation.

6. Owned thru Neptunia Corporation Limited

7. Owned thru San Miguel (Guangdong) Limited (93%). The company has ceased operations and is in the process of liquidation.

8. Owned thru San Miguel Shunde Holdings Limited (92%)

9. The company has ceased operations and is in the process of liquidation.

10. Co-Subsidiaries

11. Packaging includes San Miguel Yamamura Packaging Corporation and subsidiaries, Mindanao Corrugated Fibreboard, Inc., and San Miguel Yamamura Packaging International Limited and subsidiaries.

12. Energy includes San Miguel Global Power Holdings Corp. (formerly SMC Global Power Holdings Corp.) and subsidiaries, including Sual Power Inc. (formerly San Miguel Energy Corporation) and subsidiary, South Premiere Power Corp., San Roque Hydropower Inc. (formerly Strategic Power Devt. Corp.), Limay Power Inc. (formerly SMC Consolidated Power Corporation), Malita Power Inc. (formerly San Miguel Consolidated Power Corporation), SMCGP Masinloc Partners Company Limited, SMCGP Masinloc Power Company Limited, Masinloc Power Co., Ltd. (formerly Masinloc Power Partners Co. Ltd.), PowerOne Ventures Energy Inc. and its joint ventures, SMGP BESS Power Inc. (formerly Universal Power Solutions, Inc.), Excellent Energy Resources Inc., and Mariveles Power Generation Corporation.

13. Fuel and Oil includes SEA Refinery Corporation and subsidiary, Petron Corporation and subsidiaries, including Petron Marketing Corporation, Petron Freeport Corporation, Overseas Ventures Insurance Corporation Ltd., New Ventures Realty Corporation and subsidiaries, Mema Holdings Inc. and subsidiaries, Petron Singapore Trading Pte., Ltd., Petron Global Limited, Petron Oil & Gas International Sdn. Bhd. and subsidiaries including Petron Fuel International Sdn. Bhd., Petron Oil (M) Sdn. Bhd. and Petron Malaysia Refining & Marketing Bhd. (collectively Petron Malaysia), Petron Finance (Labuan) Limited and Petrochemical Asia (HK) Limited and subsidiaries.

14. Infrastructure includes San Miguel Holdings Corp. and subsidiaries, including SMC NAIAX Corporation, Manila North Harbour Port, Inc., Trans Air Development Holdings Corp., SMC Tplex Holdings Company Inc., Universal LRT Corporation (BVI) Limited, Atlantic Aurum Investments BV and subsidiaries, Wiselink Investment Holdings, Inc., Cypress Tree Capital Investments, Inc. and subsidiaries, San Miguel Aerocity Inc., SMC Mass Rail Transit 7 Inc., and Luzon Clean Water Development Corporation.

15. Cement includes San Miguel Equity Investments Inc. and subsidiaries, Northern Cement Corporation, Eagle Cement Corporation and subsidiaries, and Southern Concrete Industries, Inc.

16. Other Assets and Investments include San Miguel Properties, Inc. and subsidiaries and associate, Bank of Commerce, SMC Shipping and Lighterage Corporation and subsidiaries, SMC Asia Car Distributors Corp. and subsidiaries, SMC Equivest Corporation, Petrogen Insurance Corp, San Miguel International Limited and subsidiary, SMC Stock Transfer Service Corporation, Archen Technologies Inc., SMITS Inc. and Subsidiaries, and San Miguel Integrated Logistics Services, Inc.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF DECEMBER 31, 2023
(In Millions)

Type of Receivable:	Total	Current	1-30 days	31-60 days	61-90 days	Over 90 days
A. Trade	P23,269	P17,095	P4,851	P511	P198	P614
Less: Allowance	(274)	(61)	(7)	(2)	(2)	(202)
Net Trade Receivable	22,995	17,034	4,844	509	196	412
B. Non-Trade	3,785	975	314	134	153	2,209
Less: Allowance	(911)	(83)	(1)	(2)	(1)	(824)
Net Non-Trade Receivable	2,874	892	313	132	152	1,385
Net Receivables	P25,869	P17,926	P5,157	P641	P348	P1,797

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
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SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

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SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2023

(Amounts in Millions, except Number of Shares Data)

Name of Issuing Entity/ Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at December 31, 2023	Income (Loss) Received and Accrued
Cash and cash equivalents	-	P57,007	- Not Applicable -	P2,139
Trade and other receivables - net	-	25,869	- Not Applicable -	40
Derivative assets	-	50	- Not Applicable -	2*
Financial Assets at FVOCI **	-	5,628	P5,628	139
Financial Assets at amortized cost **	-	11,500	11,500	870
Noncurrent receivables and deposits - net	-	183	- Not Applicable -	-
		P100,237	P17,128	P3,190

* This represents net marked-to-market losses from derivative assets and derivative liabilities that have matured during the year and those that are still outstanding as of year-end.

** The number of shares or principal amounts of bonds and notes are presented in ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS.

See Notes 4, 11, 12, 30, 33 and 34 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
ATTACHMENT TO SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023

(Amounts in Millions, except Number of Shares Data)

Name of Issuing Entity	No. of Shares or Principal Amount of Bonds and Notes	Valued Based on Market Quotation at December 31, 2023
San Miguel Food and Beverage Inc.		
Club Filipino	1	P -
Makati Sports Club, Inc.	1	1
Philippine Long Distance Telephone Company	325	1
Valle Verde Country Club, Inc.	1	1
Manila Electric Company	14,895	-
San Miguel Foods, Inc.		
Club Filipino	1	-
Manila Southwoods Golf & Country Club	1	5
Orchard Golf & Country Club	1	3
Philippine Long Distance Tel. Co.	5,428	-
Sta. Elena Golf & Country Club	1	23
Tagaytay Highland Golf and Country Club	1	2
Makati Sports Club, Inc.	1	1
Royal Tagaytay Country Club	1	-
Magnolia, Inc.		
Alabang Country Club, Inc.	1	11
The Purefoods-Hormel Company, Inc.		
Capitol Hills Golf and Country Club, Inc.	1	-
San Miguel Corporation		5,537
Neptunia Corporation		
HSBC Holdings	20,400	9
San Miguel Brewery Hong Kong		
The Pacific Club Kowloon	1	8
The American Club Hong Kong	1	10
Hong Kong Football Club	1	7
Discovery Bay Golf Club	1	9
Bank of Commerce	3,500,000,000	3,500
Philippine Commercial Capital, Inc.	8,000,000,000	8,000
Total Financial Assets		P17,128

See Notes 4, 11, 12, 30, 33 and 34 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC.AND SUBSIDIARIES

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in Millions)**

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CUMULATIVE TRANSLATION RESERVE/ RECLASS/OTHERS	AMOUNTS PAID/DEBIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NON CURRENT	ENDING BALANCE
San Miguel Foods, Inc.	P6	P5	(P5)	P -	P6	P6	P -	P6
The Purefoods-Hormel Company, Inc.	5	6	(5)	-	6	6	-	6
San Miguel Super Coffeemix Co., Inc.	1	2	(2)	-	1	1	-	1
San Miguel Mills, Inc.	-	1	(1)	-	-	-	-	-
Magnolia, Inc.	4	5	(4)	-	5	5	-	5
San Miguel Brewery, Inc. and Subsidiaries	45	73	(25)	-	93	51	42	93
Ginebra San Miguel, Inc. and Subsidiaries	10	14	(13)	-	11	11	-	11
	P71	P106	(P55)	P -	P122	P80	P42	P122

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in Millions)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS/ CUMULATIVE TRANSLATION RESERVE/ RECLASS/OTHERS	AMOUNTS COLLECTED/ CREDIT MEMO	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NON CURRENT	ENDING BALANCE
San Miguel Foods, Inc.	P46	P223	(P177)	P -	P92	P92	P -	P92
The Purefoods-Hormel Company, Inc.	3	3	(3)	-	3	3	-	3
San Miguel Mills, Inc.	1	-	-	-	1	1	-	1
Magnolia, Inc.	1	1	(1)	-	1	1	-	1
San Miguel Brewery, Inc. and Subsidiaries	16	19	(17)	-	18	18	-	18
Ginebra San Miguel, Inc. and Subsidiaries	4	369	(366)	-	7	7	-	7
	P71	P615	(P564)	P -	P122	P122	P -	P122

SAN MIGUEL FOOD AND BEVERAGE, INC.AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2023
(Amounts in Millions)

Part A - Goodwill and Other Intangible Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Other Changes/ Reclassification/ (Disposal)	Charged to Costs and Expenses	Cumulative Translation Reserve	Ending Balance
Cost						
Trademarks and brand names	P37,301	P -	P -	P -	(P19)	P37,282
Licenses	2,126	-	-	-	7	2,133
Computer software and licenses	1,346	111	29	-	(1)	1,485
Goodwill	996	-	-	-	-	996
Formulas and recipes and franchise	65	-	-	-	-	65
	<u>41,834</u>	<u>111</u>	<u>29</u>	<u>-</u>	<u>(13)</u>	<u>41,961</u>
Accumulated Amortization						
Computer software and licenses	<u>1,214</u>	<u>-</u>	<u>(1)</u>	<u>52</u>	<u>(1)</u>	<u>1,264</u>
	<u>1,214</u>	<u>-</u>	<u>(1)</u>	<u>52</u>	<u>(1)</u>	<u>1,264</u>
Accumulated Impairment Losses						
Trademarks and brand names	254	-	-	-	(2)	252
Computer software and licenses	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>257</u>
Carrying Amount	<u>P40,361</u>	<u>P111</u>	<u>P30</u>	<u>(P52)</u>	<u>(P10)</u>	<u>P40,440</u>

See Note 16 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS
DECEMBER 31, 2023
(Amounts in Millions)

Part B - Other Noncurrent Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Other Changes/ Reclassification/ (Disposal)	Charged to Costs and Expenses	Cumulative Translation Reserve/ Fair Value Reserve	Ending Balance
Costs						
Deferred containers	P46,063	P6,948	(P2,259)	P -	P34	P50,786
Noncurrent receivables and deposits	156	2	25	-	-	183
Noncurrent prepaid input tax	644	-	(315)	-	-	329
Pallets and crates	546	253	(5)	(313)	1	482
Idle assets	3,116	-	1,100	-	(76)	4,140
Deposits on land for future development	1,029	313	1,100	-	-	2,442
Noncurrent prepaid rent	60	-	17	-	-	77
Others - net	687	168	(440)	112	(5)	522
	52,301	7,684	(777)	(201)	(46)	58,961
Accumulated Amortization						
Deferred containers	20,510	5,039	(596)	-	(5)	24,948
Idle Assets	1,795	25	613	-	(57)	2,376
	22,305	5,064	17	-	(62)	27,324
Accumulated Impairment:						
Deferred containers	1,091	487	(650)	-	-	928
Idle assets	489	-	(31)	-	(21)	437
	1,580	487	(681)	-	(21)	1,365
Other Noncurrent Assets - net	P28,416	P2,133	(P113)	(P201)	P37	P30,272

See Note 17 of the Consolidated Financial Statement.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE E – LONG-TERM DEBT
DECEMBER 31, 2023
(Amounts in Millions)

Title of Issue	Agent/Lender	Outstanding Balance	Current Portion of Debt	Transaction Cost Current	Amount Shown as Current	Non-current Portion of Debt	Non-current Transaction Costs	Amount Shown as Non-current	Current and Long term Debt	Interest Rate	Number of Periodic Installments	Interest Payments	Final Maturity
Fixed	Philippine Depository & Trust Corp.	P2,539	P2,539	(P1)	P2,538	P -	P -	P -	2,538	6.0%	Bullet	Semi-annual	April 2, 2024
Fixed	Bank of the Philippine Islands	10,000	10000	-	10,000	-	(P17)	(P17)	9,983	4.63%	Bullet	Quarterly	December 26, 2024
Fixed	Banco De Oro Unibank, Inc.	4,000	-	-	-	4,000	(14)	3,986	3,986	3.80%	Bullet	Quarterly	March 30, 2026
Fixed	Bank of the Philippine Islands	2,000	-	-	-	2,000	(7)	1,993	1,993	3.95%	Bullet	Quarterly	March 30, 2026
Fixed	China Banking Corporation	1,500	-	-	-	1,500	(5)	1,495	1,495	3.950%	Bullet	Quarterly	March 30, 2026
Fixed	Rizal Commercial Banking Corporation	2,443	21	(4)	17	2,422	(6)	2,416	2,433	3.88%	Amortized	Quarterly	March 30, 2026
Fixed	Banco De Oro Unibank, Inc.	2,000	-	-	-	2,000	(10)	1,990	1,990	4.15%	Amortized	Quarterly	March 30, 2028
Fixed	Bank of the Philippine Islands	4,000	-	-	-	4,000	(13)	3,987	3,987	4.63%	Bullet	Quarterly	April 1, 2025
Fixed	Bank of the Philippine Islands	3,000	-	-	-	3,000	(15)	2,985	2,985	5.75%	Bullet	Quarterly	April 1, 2027
Fixed	China Banking Corporation	5,000	-	-	-	5,000	(31)	4,969	4,969	6.84%	Bullet	Quarterly	December 20, 2027
Fixed	China Banking Corporation	5,000	-	-	-	5,000	(32)	4,968	4,968	6.53%	Bullet	Quarterly	December 20, 2027
Fixed	RCBC Trust and Investments Division	8,000	-	-	-	P8,000	(27)	7,973	7,973	5.05%	Bullet	Quarterly	March 10, 2025
Fixed	RCBC Trust and Investments Division	7,000	-	-	-	P7,000	(46)	6,954	6,954	5.25%	Bullet	Quarterly	March 10, 2027
Fixed	Bank of the Philippine Island	1,946	53	(3)	50	1,893	(3)	1,890	1,940	3.2837%	28 Quarters	Quarterly	December 18, 2026
Fixed	Bank of the Philippine Island	9,851	149	(1)	148	9,702	(46)	9,656	9,804	3.5483%	28 Quarters	Quarterly	December 12, 2029
Floating	Bank of the Philippine Island	7,881	119	(1)	118	7,762	(38)	7,724	7,842	3-month BVAL plus 0.75% spread or BSP 28-Day TDF rate plus 0.375%, whichever is higher. 3.8460%	28 Quarters	Quarterly	December 12, 2029
Fixed	BDO Unibank, Inc.	5,000	-	-	-	5,000	(20)	4,980	4,980		Bullet	Quarterly	September 30, 2026
Fixed	Bank of the Philippine Island	2,000	-	-	-	2,000	(10)	1,990	1,990		Bullet	Quarterly	September 30, 2026
		P83,160	P12,881	(P10)	P12,871	P70,279	(P340)	P69,939	P82,810				

See Notes 20, 27, 33 and 34 of the Consolidated Financial Statements.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2023

Description	Number of Shares Authorized	Number of Shares Issued	Share Swap Transaction	Stock Split	Treasury Shares	Shares Issued and Outstanding	Number of Shares Held		
							Related Party	Directors and Officers	Others
Common Shares	11,600,000,000	170,874,854	4,242,549,130	1,537,873,686	42,077,580	5,909,220,090	5,245,082,440	150	664,137,500
Preferred Shares	40,000,000	30,000,000	-	-	30,000,000	-	-	-	-
Total	11,640,000,000	200,874,854	4,242,549,130	1,537,873,686	72,077,580	5,909,220,090	5,245,082,440	150	664,137,500

See Notes 21 and 31 of the Consolidated Financial Statements.

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF**

SAN MIGUEL FOOD AND BEVERAGE, INC.

Held on 7 June 2023

The Annual Stockholders’ Meeting of the Company was conducted virtually and streamed live through the link accessible from the Company’s website www.smfb.com.ph. Stockholders attended the meeting by remote communication and voted through the sending of ballots or by appointing a proxy pursuant to the rules provided in the Notice of Meeting and Definitive Information Statement of the Company.

PRESENT:

Stockholders

See Record of Attendance attached as **Annex “A”** to these minutes.

Directors

RAMON S. ANG – Vice Chairman, President and Chief Executive Officer

FRANCISCO S. ALEJO III – Chief Operating Officer, Food Division

ROBERTO N. HUANG – Chief Operating Officer, Beer Division

EMMANUEL B. MACALALAG – Chief Operating Officer, Spirits Division

FERDINAND K. CONSTANTINO – Treasurer

AURORA T. CALDERON

MENARDO R. JIMENEZ

MA. ROMELA M. BENGZON

FRANCIS H. JARDELEZA

RICARDO C. MARQUEZ

(also Chairman of Board Risk Oversight Committee)

CIRILO P. NOEL

(also Chairman of Audit Committee)

WINSTON A. CHAN

(also Chairman of Related Party Transaction Committee)

AURORA S. LAGMAN

(also Chairman of Corporate Governance Committee)

ESTELA M. PERLAS-BERNABE

IN ATTENDANCE:

ILDEFONSO B. ALINDOGAN – Chief Finance Officer, Chief Strategy Officer

KRISTINA LOWELLA I. GARCIA – Investor Relations Manager, Data Protection Officer

ALEXANDRA B. TRILLANA – Corporate Secretary, Compliance Officer, General Counsel

MA. CELESTE L. RAMOS – Assistant Corporate Secretary

JOHANNA DOMINIQUE ESTEBAN – Internal Audit Head

R.G. MANABAT & CO. (Jose P. Javier, representative)

SMC STOCK TRANSFER SERVICE CORP. (Enrique L. Yusingco, representative)

APOLOGIES:

JOHN PAUL L. ANG

I. CALL TO ORDER

The live stream of the meeting at www.smfb.com.ph started promptly at 2:00 p.m. After the national anthem and invocation, Mr. Ramon S. Ang, Vice

Chairman, President and Chief Executive Officer, acted as Chairman of the meeting, called the meeting to order and presided over the proceedings.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary, Atty. Alexandra B. Trillana, certified that notices were duly sent. She further certified that there was a quorum for the valid transaction of business. There was present in person, by attendance advice emailed to the Company, or by proxy, stockholders representing approximately 88.76% of the outstanding capital stock of the Company.

The total number of shares in attendance was 5,245,360,836. Of this total number of shares, 5,245,117,686 were represented by proxy while 243,150 shares were represented in person. She informed the assembly that the Chairman held proxy for or represented approximately 88.76% of the outstanding capital stock of the Company and that he was voting in favor of all corporate actions in the Agenda submitted for approval in the meeting, or as instructed in the proxies.

Atty. Trillana also acknowledged the attendance of the members of the Board of Directors, as listed above, as well as the Company's key officers, R.G. Manabat & Co./KPMG, the external auditor for the year 2022, and SMC Stock Transfer Service Corporation, the Company's independent stock transfer agent. The attendees who participated in the meeting via video conference are set out in **Annex "B"** hereof, which also states the respective locations they were at, and the devices they used in joining the meeting. All attendees confirmed that they could hear and see each other clearly and that they received in advance all materials for the meeting.

The stockholders were advised that after the Annual Report for 2022, questions and comments, if any, emailed to the dedicated email address for the meeting smfbasm2023@sanmiguel.com.ph will be read and addressed. Questions not answered during the meeting will be replied to by the Office of the Corporate Secretary or Investor Relations Manager.

The full agenda of the meeting was presented. The Corporate Secretary said that the rationale and brief explanation of each item in the agenda were provided in the Notice and the Definitive Information Statement (DIS) for the meeting posted in the Company's website as early as May 10, 2023.

As stated in the DIS, the method of voting for all matters submitted to a vote at the meeting is by ballot or by proxy validly submitted by outstanding stockholders of record as of May 8, 2023. A sample ballot/proxy, which enabled stockholders to vote in writing on each item or proposal in the Agenda, was provided in the DIS and made available for download on the Company's website. The Company's independent stock transfer agent was appointed to canvass and validate the votes.

Each stockholder is allowed one vote per share and the election of the Board of Directors is by cumulative voting by the common shareholders.

Where a quorum is present, a simple majority vote of the stockholders holding common shares, by ballot or proxy validly submitted, will be needed for the approval of the minutes of the previous stockholders' meeting, the approval of the annual report and 2022 audited financial statements, the ratification of all acts of the Board of Directors and management since the last annual stockholder's meeting, and the appointment of the external auditor of the Company for 2023.

In the election of directors, the 15 qualified nominees who receive the highest votes shall be deemed duly elected as directors. A stockholder may distribute his votes per share to as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares he has, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares he owns as shown in the books of the Company multiplied by the whole number of directors to be elected.

Atty. Trillana further informed the stockholders that the vote canvassing results, including the number of votes against the relevant items in the Agenda, as well as those that abstained from voting, will be posted in the Company's website and disclosed in accordance with the requirements of the regulators.

Each proposed resolution for consideration by the stockholders was presented as these were taken up.

III. APPROVAL OF THE MINUTES OF THE 2022 ANNUAL STOCKHOLDERS' MEETING

The Chairman referred to the next item on the Agenda, which is the approval of the minutes of the annual meeting of the stockholders held on June 1, 2022, a copy of which had been attached to the DIS, as well as posted on the Company's website.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the following resolution presented was approved:

Resolution No. 2023-06-07-01

“RESOLVED, That the minutes of the Annual Stockholders' Meeting of the Company held on June 1, 2022 be approved.”

With the vote of the Chairman, majority of the outstanding common shares represented at the meeting had voted in favor of the proposal. The exact number of votes is provided in **Annex “C”** hereof.

IV. PRESENTATION OF ANNUAL REPORT AND APPROVAL OF 2022 AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company as at and for the year ended December 31, 2022 had likewise been attached to the DIS for the meeting and posted on the Company's website.

The Annual Report of the Company for the year ended December 31, 2022 in SEC Form 17-A, referred to in the DIS and also posted on the Company's website, sets out the dividends paid to the stockholders in the year 2022. It also provides that in 2022, the Company had no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company. There have been no complaints, disputes or problems regarding related party transactions of the Company.

Upon the request of the Chairman, Mr. Ildefonso B. Alindogan, Vice President, Chief Finance Officer and Chief Strategy Officer, delivered the

Company's Annual Report for 2022. He also reported on the financial results of the Company for the first quarter of 2023. A copy of the Report is attached to these minutes as **Annex "D"**.

After the report, Ms. Kristina Garcia, Investor Relations Manager, read a question submitted by a stockholder:

A stockholder inquired on what are the Company's expectations for its Food business for the balance of year, given the high commodity prices.

Mr. Francisco S. Alejo III, Director and Chief Operating Officer of the Food Division, replied that for the balance of year 2023, prices for raw materials specially for commodities are expected to decrease. In fact, in the month of June, some of the raw materials prices are already lower than in previous months, which will significantly improve profitability for the second half of 2023. Likewise, the newly built plants for poultry, feeds and processed meats are delivering better efficiencies, which would translate to better yields and margins. This is in addition to various cost-saving initiatives being implemented. The opening of markets will also give the Food Division opportunity for better sales volume and increased consumer buying. Thus, things are looking up for the Food Division for the balance of year.

There being no other questions submitted in advance of the meeting, upon motion duly made and seconded by separate stockholders, and there being no objection, the following resolution presented was approved:

Resolution No. 2023-06-07-02

"RESOLVED, That the Question-and-Answer session of stockholders be closed, and that the Annual Report of the Company for 2022 as presented, including the 2022 Audited Consolidated Financial Statements of the Company and its subsidiaries, be approved and ratified."

With the vote of the Chairman, majority of the outstanding common shares represented at the meeting had voted in favor of the proposal. The exact number of votes is provided in **Annex "C"** hereof.

V. RATIFICATION OF ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS

The Chairman proceeded to the next item on the Agenda, which is the ratification of all acts and proceedings of the Board of Directors and corporate officers since June 1, 2022 until the date of this meeting, June 7, 2023.

The Corporate Secretary explained that the ratification by the stockholders is sought for the acts and resolutions of the Board of Directors, its Committees, as well as acts of officers of the Company taken or adopted since the annual stockholders' meeting on June 1, 2022, until the date of this meeting, June 7, 2023, as approved by the Board during its meetings and/or covered by disclosures to the regulators and posted on the Company's website. The acts of management at the direction of the Company's Board of Directors and officers are those undertaken to implement the resolutions of the Board or its Committees, or conducted in the regular course of business.

A summary of these acts and resolutions, which include the approval of the 2022 Annual Report in SEC Form 17-A containing a discussion that directors

do not receive any compensation or director's fees from the Company other than a reasonable per diem of Php25,000 for every Board meeting attended and Php20,000 for every Board Committee meeting attended, were set out in the DIS and presented at the meeting for reference.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the following resolution presented was approved:

Resolution No. 2023-06-07-03

“RESOLVED, That all acts, resolutions and proceedings of the Board of Directors and Corporate Officers of the Company since the Annual Meeting of the Stockholders on June 1, 2022 until today, June 7, 2023, as set forth in the minutes of the meetings of the Board of Directors, as well as the financial statements and records of the Company, be approved, confirmed and ratified.”

With the vote of the Chairman, majority of the outstanding common shares represented at the meeting had voted in favor of the proposal. The exact number of votes is provided in **Annex “C”** hereof.

VI. APPOINTMENT OF EXTERNAL AUDITOR FOR 2023 AND RATIFICATION OF EXTERNAL AUDITOR FEES

The stockholders proceeded to consider the nomination for the position of external auditor of the Company.

The Corporate Secretary informed the assembly that after evaluation, the Audit Committee recommends (a) the re-appointment of the accounting firm R.G. Manabat & Co./KPMG as the external auditor of the Company for fiscal year 2023, and (b) the ratification of KPMG's fees for the preparation of the 2022 audited parent and consolidated financial statements of the Company in the amount of approximately P1.35 million. The audit plan for 2023 shall be presented to the Audit Committee for approval, while the fees payable to the auditor shall, with the authority of the Audit Committee, be negotiated by management to be in the best interest of the Company. The Chairman of the Audit Committee, Independent Director Cirilo P. Noel, confirmed this.

Upon motion duly made and seconded by separate stockholders, and there being no objection, the following resolutions presented were approved:

Resolution No. 2023-06-07-04

“RESOLVED, That the accounting firm of R.G. Manabat & Co. be appointed as external auditor of the Company for fiscal year 2023.”

Resolution No. 2023-06-07-05

“RESOLVED, That the fees billed by R.G. Manabat & Co for the preparation of the 2022 audited parent and consolidated financial statements of the Company be ratified.”

With the vote of the Chairman, majority of the outstanding common shares represented at the meeting had voted in favor of each proposal. The exact number of votes are provided in **Annex “C”** hereof.

VII. ELECTION OF BOARD OF DIRECTORS

The next item on the Agenda is the election of the members of the Board of Directors of the Company.

The Corporate Secretary informed the assembly that in accordance with the By-laws, Manual on Corporate Governance and rules of the Securities and Exchange Commission (SEC), any stockholder, including minority stockholders, may submit nominations to the Board of Directors of the Company. The Corporate Governance Committee will determine whether the nominees for directors, including nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board of Directors were provided in the DIS for this meeting, for consideration by the stockholders. This was confirmed by the Chairperson of the Corporate Governance Committee, Independent Director Aurora S. Lagman.

The names of the nominees to the Company's Board of Directors as endorsed by the Corporate Governance Committee, all of whom were determined to possess the qualifications and none of the disqualifications under the Company's By-laws and Manual on Corporate Governance, were presented.

They are:

Ramon S. Ang
 Francisco S. Alejo III
 Roberto N. Huang
 Emmanuel B. Macalalag
 Ferdinand K. Constantino
 Aurora T. Calderon
 Menardo R. Jimenez
 Ma. Romela M. Bengzon
 Francis H. Jardeleza
 John Paul L. Ang
 Ricardo C. Marquez
 Cirilo P. Noel
 Winston A. Chan
 Aurora S. Lagman
 Estela M. Perlas-Bernabe

The Corporate Secretary said that the nominees for independent directors as identified in the DIS for the meeting, are Gen. Ricardo C. Marquez, Mr. Cirilo P. Noel, Mr. Winston A. Chan, Justice Aurora S. Lagman and Justice Estela M. Perlas-Bernabe. This is in accordance with the SEC requirement of electing independent directors.

A stockholder moved for the election of the 15 nominees as members of the Board of Directors of the Company, and that the votes of the common shareholders present and represented by proxies or who submitted ballots be recorded accordingly. The motion was duly seconded by another stockholder.

There being no objection to the motion, the following resolution presented was approved:

Resolution No. 2023-06-07-06

“RESOLVED, That the following be elected as members of the Board of Directors of the Company, to serve as such beginning June

7, 2023 for a term of one (1) year and until their successors are elected and qualified:

Ramon S. Ang
 Francisco S. Alejo III
 Roberto N. Huang
 Emmanuel B. Macalalag
 Ferdinand K. Constantino
 Aurora T. Calderon
 Menardo R. Jimenez
 Ma. Romela M. Bengzon
 Francis H. Jardeleza
 John Paul L. Ang
 Ricardo C. Marquez (Independent)
 Cirilo P. Noel (Independent)
 Winston A. Chan (Independent)
 Aurora S. Lagman (Independent)
 Estela M. Perlas-Bernabe (Independent).”

Accordingly, the Chairman declared the nominees as duly elected members of the Board of Directors of the Company. On behalf of management, the Chairman welcomed the newly elected Board of Directors and thanked the stockholders for their vote of confidence.

VIII. ANNOUNCEMENT OF RESULTS

The vote canvassing results stating the number of votes for and against the relevant items in the Agenda, as well as those that abstained from voting, and including the votes garnered by each nominee to the Board of Directors (as earlier posted in the Company’s website), is attached to these minutes as **Annex “C”**. With regard to the election of the Board of Directors, the Chairman distributed his votes equally for all nominees, unless otherwise instructed in the proxies held by him.

IX. OTHER MATTERS / ADJOURNMENT

The Chairman asked if there were any other matters that any stockholder wished to bring up to the assembly.

There being no other matters, the Chairman entertained a motion for adjournment. A stockholder moved to adjourn the meeting, which motion was duly seconded by another stockholder. No objection being made, the Chairman adjourned the meeting and thanked all stockholders for their attendance and participation.

ATTESTED BY:

RAMON S. ANG

Vice Chairman and Chairman of the Meeting

Certified Correct:

ALEXANDRA BENGSON TRILLANA

Corporate Secretary

San Miguel Food and Beverage, Inc.

Stockholders' Meeting - June 7, 2023

Proxy and Registration Report

Stockholder Name	No. Of Common Shares	% VS O/S (Common)
With Proxy		
San Miguel Corporation	5,245,082,440	88.76%
Deutsche Bank AG Manila Branch	35,246	0.00%
HSBC	0	0.00%
Citibank	0	0.00%
Standard Chartered Bank	0	0.00%
WITH PROXY TOTAL	5,245,117,686	88.76%
ATTENDING IN PERSON		
Directors:		
Ramon S. Ang	10	0.00%
Francisco S. Alejo III	230,010	0.00%
Roberto N. Huang	10	0.00%
Emmanuel B. Macalalag	10	0.00%
Ferdinand K. Constantino	10	0.00%
Aurora T. Calderon	10	0.00%
Menardo R. Jimenez	10	0.00%
Ma. Romela M. Bengzon	10	0.00%
Francis H. Jardeleza	10	0.00%
John Paul L. Ang	10	0.00%
Ricardo C. Marquez	10	0.00%
Cirilo P. Noel	10	0.00%
Winston A. Chan	10	0.00%
Aurora S. Lagman	10	0.00%
Estela M. Perlas-Bernabe	3,010	0.00%
Officers:		
Kristina Lowella I. Garcia	10,000	0.00%
IN PERSON TOTAL	243,150	0.00%
TOTAL ATTENDING STOCKHOLDERS IN PERSON OR BY PROXY	5,245,360,836	88.76%
Others (without proxy or registration)	663,859,254	11.24%
Total Outstanding Shares	5,909,220,090	100.00%

	Location	Device Used
RAMON S. ANG	San Miguel Corporation, Head Office Complex, Mandaluyong City	
FRANCISCO S. ALEJO III	San Miguel Corporation, Head Office Complex, Mandaluyong City	
ROBERTO N. HUANG	San Miguel Corporation, Head Office Complex, Mandaluyong City	Macbook
EMMANUEL B. MACALALAG	SMPC Building, St. Francis St., Mandaluyong City	Laptop
FERDINAND K. CONSTANTINO	San Miguel Corporation, Head Office Complex, Mandaluyong City	Ipad pro
AURORA T. CALDERON	San Miguel Corporation, Head Office Complex, Mandaluyong City	Laptop
MENARDO R. JIMENEZ	No. 2 Banaba Circle, South Forbes Park, Makati City	Ipad Pro Mac
MA. ROMELA M. BENGZON	1 Bluewaterhill Westport, Connecticut, USA	Apple iMac
FRANCIS H. JARDELEZA	La Vista, Quezon City	Ipad
RICARDO C. MARQUEZ	Maragundon, Cavite	Laptop
CIRILO P. NOEL	Security Bank Head Office,Makati City	Laptop
WINSTON A. CHAN	Sonria Condominium Industry St. corner Securities St., Madrigal Business Park, Ayala Alabang, Muntinlupa City	Ipad pro
AURORA S. LAGMAN	38 Samar Ave., South Triangle, Quezon City	Ipad
ESTELA M. PERLAS-BERNABE	No. 6 Columbia St., North East Greenhills, San Juan City	iPad
ILDEFONSO B. ALINDOGAN	San Miguel Corporation, Head Office Complex, Mandaluyong City	
KRISTINA I. GARCIA	San Miguel Corporation, Head Office Complex, Mandaluyong City	
ALEXANDRA B. TRILLANA	San Miguel Corporation, Head Office Complex, Mandaluyong City	
MA. CELESTE L. RAMOS	San Miguel Corporation, Head Office Complex, Mandaluyong City	
JOHANNA DOMINIQUE G. ESTEBAN	100 E. Rodriguez Jr. Ave. (C5 Road), Brgy. Ugong, Pasig City	Laptop
JOSE P. JAVIER, JR.	Switzerland	Laptop
ENRIQUE L. YUSINGCO	San Miguel Corporation, Head Office Complex, Mandaluyong City	

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San Miguel Food and Beverage, Inc.
PROXY VOTING MODULE
Stockholders' Meeting Vote Canvassing Results

PAGE 1

NOM. NO.	NOMINEE	VOTES
1	RAMON S. ANG	5,245,117,686
2	FRANCISCO S. ALEJO III	5,245,117,686
3	ROBERTO N. HUANG	5,245,117,686
4	EMMANUEL B. MACALALAG	5,245,117,686
5	FERDINAND K. CONSTANTINO	5,245,117,686
6	AURORA T. CALDERON	5,245,082,440
7	MENARDO R. JIMENEZ	5,245,117,686
8	MA. ROMELA M. BENGZON	5,245,117,686
9	FRANCIS H. JARDELEZA	5,245,117,686
10	JOHN PAUL L. ANG	5,245,117,686
11	RICARDO C. MARQUEZ	5,245,117,686
12	CIRILO P. NOEL	5,245,117,686
13	WINSTON A. CHAN	5,245,117,686
14	AURORA S. LAGMAN	5,245,117,686
15	ESTELA M. PERLAS-BERNABE	5,245,117,686
Total votes registered		78,676,765,290
Total votes counted for election of board nominees		78,676,730,044
Total uncast votes for election of board nominees		35,246

RES. NO.	RESOLUTION	SHARES VOTED	% TO TOTAL O.S.
2	Approval of the Minutes of the 2022 Annual Stockholders' Meeting on June 1, 2022	5,245,117,686	88.762%
	For	5,245,117,686 -	88.762%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
3	Approval of the Annual Report and Audited Financial Statements of the Company for the year ended December 31, 2022	5,245,117,686	88.762%
	For	5,245,117,686 -	88.762%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
4	Ratification of all the acts of the Board of Directors and Officers since the 2022 Annual Stockholders' Meeting	5,245,117,686	88.762%
	For	5,245,117,686 -	88.762%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
5	Appointment of R.G. Manabat & Co. as external auditor of the Company for fiscal year 2023	5,245,117,686	88.762%
	For	5,245,117,686 -	88.762%
	Against	0 -	0.000%
	Abstain	0 -	0.000%
6	Ratification of external auditor fees billed by R.G. Manabat & Co. to the Company for fiscal year 2022	5,245,117,686	88.762%
	For	5,245,117,686 -	88.762%
	Against	0 -	0.000%
	Abstain	0 -	0.000%

SUMMARY REPORT

% TO
TOTAL O.S.

OUTSTANDING COMMON SHARES	5,909,220,090	
OUTSTANDING PREFERRED SHARES	0	

TOTAL OUTSTANDING SHARES AS OF RECORD DATE	5,909,220,090	
TOTAL SHARES IN ATTENDANCE :		
Attending proxy assignees	5,245,117,686	
Attending stockholders	288,250	

	5,245,405,936	88.766%
LESS :		
Invalidated / knocked-off / Uncast shares - Proxy Assignees	0	
Knock-off by attending stockholder	0	
Invalidated shares - Stockholders	0	
Uncast shares of stockholders	288,250	

TOTAL SHARES/VOTES COUNTED	5,245,117,686	88.762%
		=====

NOTE:

Total no. of stockholders in attendance	19
Total no. of stockholder with ballots	0

*** END OF REPORT ***

June 7, 2023

ANNUAL REPORT

2022 turned out to be an exceptional year. As the Philippines transitioned from two years of lockdowns and social distancing to a reopening of the economy and continued lifting of pandemic-era restrictions.

Despite our collective challenges, the Philippine economy rebounded strongly, with GDP expanding by 7.6% in full year 2022, surpassing government projections. Improvements in labor market conditions, increased tourism, revenge and holiday spending, and resumption of face-to-face classes, among others, supported growth, with the Company able to withstand tighter monetary policy and macroeconomic uncertainties.

Against this backdrop, San Miguel Food and Beverage, Inc. (SMFB) delivered strong results in 2022, posting its highest level of earnings since its consolidation four years ago.

For the full year 2022, consolidated revenues rose 16% year-on-year to P358.9 billion, generally driven by good volume growth across its beer, spirits, and food divisions. The company, likewise, implemented price increases across its product portfolio to help offset the rise in direct costs.

Consolidated EBITDA grew 12% to P62.7 billion, while consolidated income from operations rose 11% to P48.7 billion. Consolidated net income, likewise, increased 10% from the same period last year to P34.7 billion, demonstrating the strength and resilience of SMFB's brands.

Our business performance confirms the success of the strategies we employed since our consolidation in 2018. Since then, we have focused on deploying our capital as efficiently as possible and leveraging on our strengths to help reduce volatility in our businesses as a result of changes in our operating environment.

As we continue to face uncertainties in the market, we will continue to deliver operational excellence and invest in growth to drive long-term value for our shareholders while, at the same time, ensure that our products are within reach of every Filipino.

As a Company of our scale and reach, however, we believe that we must go beyond just delivering strong financial results. While creating value for all of our stakeholders remains to be our top priority, we fully recognize the importance of doing this in a sustainable manner. With the needs and welfare of future generations top of mind, we recognize that as one of the largest food and beverage companies in the Philippines with 132 years of rich heritage, we can make a substantial, positive impact in society by upholding our corporate responsibility through our environmental, social, and governance commitments.

In line with our aspiration to leave our world a better place for future generations, we have identified climate-related risk as a potentially dominant risk moving into the future. As a Group, we pledge to minimize our negative environment impact from our operations with clear initiatives to reduce energy, water consumption, carbon dioxide emissions, coupled with continued efforts towards biodiversity protection.

We recognize that a significant part our growth is attributable to our people. We are cognizant of the belief that people work for companies that share in their values. Therefore, we strive to provide a working environment of inclusion, diversity, and equality. Our group, likewise,

strongly believes in providing development opportunities for people to realize their full potential and support career development.

We continue to make substantial impacts in the communities where we operate, as well as sectors of society that need the most support. For example, our Food business has purchased over 1.3 million metric tons of corn amounting to P23.9 billion from farmers nationwide since 2020. Local sourcing of corn is part of the Food business' broader initiative to source raw materials for its food products directly from local growers to boost farm incomes, reduce dependence on imports, and help the country achieve food self-sufficiency.

We believe that strong corporate governance is an important element to achieving long-term sustainable growth. Since its consolidation in 2018, SMFB has consistently been recognized by the Institute of Corporate Directors (ICD) for its conformance with the Philippine Code of Corporate Governance, as well as internationally recommended corporate governance practices as espoused by the ASEAN Corporate Governance Scorecard. Last year, the Group received the 3 golden arrow recognition from the ICD. We commit to striving harder and will continue to provide our employees with CG-related annual trainings, including those related to anti-corruption, human rights, and data protection and privacy to further improve our governance scores.

In our view, especially in the current complex macroeconomic environment, sustainability can be our lever to further build resilience, reduce costs, and create value. Rest assured that we will continue to make the right choices and prudent investments that will shape the future and ensure continued success that last through many generations.

Moving on to the first quarter this year, our economy continued to be resilient as it grew year-over-year, supported by still robust household consumption. Analysts, however, advise caution given the continued macroeconomic headwinds and potential environmental challenges, such as El Niño, which can affect the manufacturing sector.

During this period, SMFB maintained its growth momentum even as it faced multiple headwinds from inflationary pressures, excise tax increases and continuing geopolitical uncertainties, among others.

Consolidated revenue rose 12% to P93.2 billion, driven by strong volume growth from its key businesses. Consolidated EBITDA was 10% better than the same period last year at P17.2 billion with overall EBITDA margins sustained at 19%. Consolidated net income increased 8% to P9.9 billion.

Despite the challenging environment, SMFB's brands remain top-of-mind of consumers and we intend to sustain this momentum by investing further in brand-building efforts and innovation to further drive growth. We are also focused on optimizing our resources and processes for better efficiency to sustainably manage our current businesses for long-term profitability.

We would like to extend our appreciation to all our shareholders for your continued support and confidence in SMFB. As we look to the future, we will ensure that our house remains very strong to ensure that it can weather any challenges and fully maximize the opportunities that are in front of us.

We look forward to accomplishing more in 2023, to lay the foundation for future generations, and make a difference in the lives of even more Filipinos.

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
As at March 31, 2024 and December 31, 2023 and
For the Periods Ended March 31, 2024 and 2023**

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND DECEMBER 31, 2023
(In Millions)

	<i>Note</i>	2024 Unaudited	2023 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	8, 9	P67,809	P57,007
Trade and other receivables - net	6, 8, 9	21,594	25,869
Inventories		42,202	43,096
Current portion of biological assets - net		3,307	3,515
Prepaid expenses and other current assets	6, 8, 9	6,122	6,216
Assets held for sale		186	186
Total Current Assets		141,220	135,889
Noncurrent Assets			
Investments - net	6, 8, 9	17,221	17,128
Property, plant and equipment - net	4	119,386	118,000
Right-of-use assets - net		4,529	4,633
Investment property - net		3,537	3,537
Biological assets - net of current portion		2,512	2,667
Goodwill - net		996	996
Other intangible assets - net		39,438	39,444
Deferred tax assets		3,257	3,209
Other noncurrent assets - net	6, 8, 9	30,425	30,272
Total Noncurrent Assets		221,301	219,886
		P362,521	P355,775
LIABILITIES AND EQUITY			
Current Liabilities			
Loans payable	6, 8, 9	P17,043	P14,684
Trade payables and other current liabilities	6, 8, 9	63,164	65,288
Lease liabilities - current portion	6, 8, 9	415	418
Income and other taxes payable		11,202	9,668
Dividends payable	5	631	79
Current maturities of long-term debt – net of debt issue costs	8, 9	20,836	12,871
Total Current Liabilities		113,291	103,008
Noncurrent Liabilities			
Long-term debt – net of current maturities and debt issue costs	8, 9	61,919	P69,939
Deferred tax liabilities		23	26
Lease liabilities – net of current portion	6, 8, 9	4,709	4,758
Other noncurrent liabilities	6, 8, 9	8,866	8,929
Total Noncurrent Liabilities		75,517	83,652

Forward

CERTIFIED CORRECT:

Ildefonso B. Alindogan
Vice President, Chief Finance Officer
and Chief Strategy Officer

	2024 Unaudited	2023 Audited
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	P6,251	6,251
Additional paid-in capital	366,620	366,620
Equity adjustments from common control transactions	(327,793)	(327,793)
Equity reserves	(2,021)	(2,094)
Retained earnings:		
Appropriated	47,012	45,392
Unappropriated	52,721	50,996
Treasury stock	(30,182)	(30,182)
	112,608	109,190
Non-controlling Interests	61,105	59,925
Total Equity	173,713	169,115
	P362,521	P355,775

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

 Ildefonso B. Alindogan
 Vice President, Chief Finance Officer
 and Chief Strategy Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions, Except Per Share Data)

	<i>Note</i>	2024 Unaudited	2023 Unaudited
SALES	3	P95,432	P93,186
COST OF SALES		69,692	69,863
GROSS PROFIT		25,740	23,323
SELLING AND ADMINISTRATIVE EXPENSES		(12,621)	(11,742)
INTEREST EXPENSE AND OTHER FINANCING CHARGES		(1,129)	(1,164)
INTEREST INCOME		914	740
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT		1	2
OTHER INCOME - Net	8, 9	117	1,855
INCOME BEFORE INCOME TAX		13,022	13,014
INCOME TAX EXPENSE		3,048	3,139
NET INCOME		P9,974	P9,875
Attributable to:			
Equity holders of the Parent Company		P6,004	P5,653
Non-controlling interests		3,970	4,222
		P9,974	P9,875
Basic and Diluted Earnings Per Common Share Attributable to Equity Holders of the Parent Company	7	P1.02	P0.96

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:



Idefonso B. Alindogan
Vice President, Chief Finance Officer
and Chief Strategy Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions)

	2024 Unaudited	2023 Unaudited
NET INCOME	P9,974	P9,875
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified to profit or loss		
Remeasurement loss on reserve for retirement plan	-	(6)
Income tax benefit	-	1
Net gain on financial assets at fair value through other comprehensive income	5	5
	5	-
Items that may be reclassified to profit or loss		
Gain (loss) on exchange differences on translation of foreign operations	124	(497)
	124	(497)
OTHER COMPREHENSIVE GAIN (LOSS) - Net of tax	129	(497)
TOTAL COMPREHENSIVE INCOME - Net of tax	P10,103	P9,378
Attributable to:		
Equity holders of the Parent Company	P6,077	P5,397
Non-controlling interests	4,026	3,981
	P10,103	P9,378

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:



Ildefonso B. Alindogan
Vice President, Chief Finance Officer
and Chief Strategy Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023**

(In Millions)

	Note	Equity Attributable to Equity Holders of the Parent Company															
		Equity Reserves													Total	Non-controlling Interests	Total Equity
		Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings		Treasury Stock					
		Common	Preferred							Appropriated	Unappropriated	Common	Preferred				
As at January 1, 2024 (Audited)		P5,951	P300	P366,620	(P327,793)	(P3,117)	P34	P1,066	(P77)	P45,392	P50,996	(P182)	(P30,000)	P109,190	P59,925	P169,115	
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	5	-	-	-	-	-	-	5	-	5	
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	68	-	-	-	-	-	68	56	124	
Other comprehensive income (loss)		-	-	-	-	-	5	68	-	-	-	-	-	73	56	129	
Net income		-	-	-	-	-	-	-	-	-	6,004	-	-	6,004	3,970	9,974	
Total comprehensive income (loss)		-	-	-	-	-	5	68	-	-	6,004	-	-	6,077	4,026	10,103	
Appropriation – net		-	-	-	-	-	-	-	-	1,620	(1,620)	-	-	-	-	-	
Cash dividends declared	5	-	-	-	-	-	-	-	-	-	(2,659)	-	-	(2,659)	(2,846)	(5,505)	
As at March 31, 2024 (Unaudited)		P5,951	P300	P366,620	(P327,793)	(P3,117)	P39	P1,134	(P77)	P47,012	P52,721	(P182)	(P30,000)	P112,608	P61,105	P173,713	

Forward

CERTIFIED CORRECT:

Ildelfonso B. Alindogan
Vice President, Chief Finance Officer
and Chief Strategy Officer

	Note	Equity Attributable to Equity Holders of the Parent Company													Non-controlling Interests	Total Equity
		Equity Reserves														
		Capital Stock		Additional Paid-in Capital	Equity Adjustments from Common Control Transactions	Reserve for Retirement Reserve	Fair Value Reserve	Translation Reserve	Other Equity Reserve	Retained Earnings			Total			
		Common	Preferred							Appropriated	Unappropriated	Treasury Stock Common		Treasury Stock Preferred		
As at January 1, 2023 (Audited)		P5,951	P300	P366,620	(P327,793)	(P1,880)	P12	P1,109	(P77)	P31,366	P57,860	(P182)	(P30,000)	P103,286	P55,787	P159,073
Remeasurement loss on reserve for retirement plan, net of deferred tax		-	-	-	-	(1)	-	-	-	-	-	-	-	(1)	(4)	(5)
Net gain on financial assets at fair value through other comprehensive income		-	-	-	-	-	5	-	-	-	-	-	-	5	-	5
Gain on exchange differences on translation of foreign operations		-	-	-	-	-	-	(260)	-	-	-	-	-	(260)	(237)	(497)
Other comprehensive income (loss)		-	-	-	-	(1)	5	(260)	-	-	-	-	-	(256)	(241)	(497)
Net income		-	-	-	-	-	-	-	-	-	5,653	-	-	5,653	4,222	9,875
Total comprehensive income (loss)		-	-	-	-	(1)	5	(260)	-	-	5,653	-	-	5,397	3,981	9,378
Appropriation – net		-	-	-	-	-	-	-	-	6,415	(6,415)	-	-	-	-	-
Cash dividends declared	5	-	-	-	-	-	-	-	-	-	(2,364)	-	-	(2,364)	(2,436)	(4,800)
As at March 31, 2023 (Unaudited)		P5,951	P300	P366,620	(P327,793)	(P1,881)	P17	P849	(P77)	P37,781	P54,734	(P182)	(P30,000)	P106,319	P57,332	P163,651

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

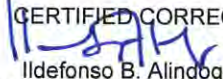
CERTIFIED CORRECT:

 Ildefonso B. Alindogan
 Vice President, Chief Finance Officer
 and Chief Strategy Officer

SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023
(In Millions)

	Note	2024 Unaudited	2023 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P13,022	P13,014
Adjustments for:			
Depreciation and amortization	4	3,534	3,802
Interest expense and other financing charges		1,129	1,164
Retirement costs		355	305
Provision for impairment losses on receivables and write-down of inventories		202	343
Gain on sale of investments and property and equipment		-	(2)
Gain on fair valuation of agricultural produce		(8)	(3)
Dividend income		(35)	(34)
Interest income		(914)	(740)
Other charges - net on derivative transactions		37	-
Operating income before working capital changes		17,322	17,849
Decrease (increase) in:			
Trade and other receivables		4,363	4,092
Inventories		817	3,303
Current portion of biological assets		208	(255)
Prepaid expenses and other current assets		66	(913)
Decrease in:			
Trade payables and other current liabilities		(2,569)	(670)
Cash generated from operations		20,207	23,406
Income taxes paid		(910)	(711)
Interest paid		(1,922)	(1,119)
Contributions paid		(356)	(109)
Net cash flows provided by operating activities		17,019	21,467
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and investment property	4	(2,847)	(2,608)
Increase in biological assets, intangible assets and other noncurrent assets		(1,733)	(3,331)
Proceeds from sale of investments and property and equipment		2	6
Dividends received		35	34
Interest received		881	590
Net cash flows used in investing activities		(3,662)	(5,309)

Forward

CERTIFIED CORRECT:

Ildefonso B. Alindogan
Vice President, Chief Finance Officer
and Chief Strategy Officer

	2024 Unaudited	2023 Unaudited
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Short-term borrowings	P66,473	P74,828
Long-term borrowings	-	4,963
Payments of:		
Short-term borrowings	(64,114)	(78,943)
Long-term borrowings	(85)	(91)
Lease liabilities	(115)	(122)
Cash dividends paid	(4,953)	(4,649)
Net cash flows used in financing activities	(2,794)	(4,014)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	239	(369)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,802	11,775
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	57,007	41,099
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P67,809	P52,874

See Accompanying Management Discussion and Analysis and Selected Notes to the Consolidated Financial Statements.

CERTIFIED CORRECT:

 Ildefonso B. Alindogan
 Vice President, Chief Finance Officer
 and Chief Strategy Officer

**SAN MIGUEL FOOD AND BEVERAGE, INC.
AND SUBSIDIARIES**

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Data)

1. Reporting Entity

San Miguel Food and Beverage, Inc. (SMFB or the “Parent Company”), a subsidiary of San Miguel Corporation (SMC or the “Intermediate Parent Company”), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) in October 1956.

The Parent Company is a public company under Section 17.2 of the Securities Regulation Code. Its common and preferred shares are listed in the Philippine Stock Exchange (PSE) since 1973 and 2011, respectively. Top Frontier Investment Holdings, Inc. (“Top Frontier”) is the ultimate parent company of SMFB and its subsidiaries (SMFB and its subsidiaries collectively referred to as the “Group”). SMC and Top Frontier are both public companies under Section 17.2 of the Securities Regulation Code.

The accompanying consolidated financial statements comprise the financial statements of the Group.

The Group is engaged in various business activities, which as of reporting date include poultry operations, livestock farming and processing and selling of meat products, processing and marketing of refrigerated and canned meat products, manufacturing and marketing of feeds and flour products, spreads, and dairy-based products, importation and marketing of coffee and coffee-related products, and grain terminal handling. Following the corporate reorganization in June 2018, the Group is also engaged in manufacturing, selling and distribution of alcoholic and non-alcoholic beverages.

2. Summary of Material Accounting Policies

The interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and do not include all the information required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as at December 31, 2023.

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on May 8, 2024.

The consolidated financial statements are presented in Philippine Peso and all financial information are rounded off to the nearest million (000,000), except when otherwise indicated.

The principal accounting policies adopted in the preparation of the interim consolidated financial statements of the Group are consistent with those followed in the most recent annual audited consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amended Standards

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of amendments to standards as part of Philippine Financial Reporting Standards (PFRS).

Adoption of Amendments to Standards in 2024

The Group has adopted the following amendments to PFRS effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - o removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;
 - o clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - o provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - o clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.
- Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*). The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The adoption of the amendments to standards did not have a material effect on the interim consolidated financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amended to standards are effective for annual periods beginning after January 1, 2024 and have not been applied in preparing the interim consolidated financial statements. None of these are expected to have a significant effect on the interim consolidated financial statements.

The Group will adopt the following new and amended standards on the respective effective dates:

Deferral of the local implementation of Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

- The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual reporting periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the FSRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed by SMC separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has three reportable segments, namely: Food, Beer and Non-alcoholic Beverages (NAB), and Spirits. Management identified and grouped the operating units in its operating segments with the objective of transforming the Group into a more rationalized and focused organization. The structure aims to boost efficiencies across the Group and raise effectiveness in defining and meeting the needs of consumers in innovative ways.

The Food Segment is engaged in (i) the processing and marketing of branded value-added refrigerated processed meats, canned meats, ready-to-eat viands, seafood and plant-based food products, the manufacture and marketing of butter, margarine, cheese, milk, ice cream and salad aids, the marketing of flour mixes, and the importation and marketing of coffee products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds, veterinary medicine and pet care products ("Animal Nutrition and Health"); (iii) poultry and livestock farming, and the processing and sale of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, foodservice and international operations ("Others").

The Beer and NAB segment is engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets.

The Spirits segment is engaged in the production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other hard liquor variants which are available nationwide, while some are exported to select countries.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between operating segments. Such transactions are eliminated in consolidation.

Financial information about reportable segments follows:

	Food**		Beer and NAB		Spirits		Total Reportable Segments		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Sales												
External sales	P42,950	P41,908	P37,366	P38,334	P15,116	P12,944	P95,432	P93,186	P-	P-	P95,432	P93,186
Inter-segment sales	-	-	-	1	1	1	1	2	(1)	(2)	-	-
Total sales	P42,950	P41,908	P37,366	P38,335	P15,117	P12,945	P95,433	P93,188	(P1)	(P2)	P95,432	P93,186
Results												
Segment results*	P2,709	P1,512	P8,131	P8,438	P2,278	P1,631	P13,118	P11,581	P1	P-	P13,119	P11,581

*Gross profit less selling and administrative expenses.

**Includes operating result of the Parent Company

Disaggregation of Revenue

The following table shows the disaggregation of revenue by timing of revenue recognition and the reconciliation of the disaggregated revenue with the Group's reportable segments:

	Food		Beer and NAB		Spirits		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
Timing of Revenue Recognition								
Sales recognized at point in time	P42,943	P41,903	P37,366	P38,334	P15,116	P12,944	P95,425	P93,181
Sales recognized over time	7	5	-	-	-	-	7	5
Total external sales	P42,950	P41,908	P37,366	P38,334	P15,116	P12,944	P95,432	P93,186

4. Property, Plant and Equipment

The movements and balances of property, plant and equipment are as follows:

March 31, 2024 and December 31, 2023

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Cost							
January 1, 2023	P16,593	P39,859	P93,749	P6,169	P1,789	P33,387	P191,546
Acquisition of a subsidiary	1,202	-	-	-	-	-	1,202
Additions	2	353	468	254	22	15,137	16,236
Disposals	(6)	(144)	(769)	(239)	(14)	(6)	(1,178)
Reclassifications	880	3,740	8,022	1,067	355	(14,526)	(462)
Currency translation adjustments	5	(127)	(346)	(4)	-	-	(472)
December 31, 2023	18,676	43,681	101,124	7,247	2,152	33,992	206,872
Additions	8	5	36	12	-	2,695	2,756
Disposals	-	(17)	(82)	(39)	(1)	-	(139)
Reclassifications	363	1,576	1,106	166	125	(3,079)	257
Currency translation adjustments	(56)	80	148	(3)	-	-	169
March 31, 2024	18,991	45,325	102,332	7,383	2,276	33,608	209,915
Accumulated Depreciation							
January 1, 2023	1,764	12,358	52,604	3,549	512	-	70,787
Depreciation	218	1,189	3,775	678	102	-	5,962
Disposals	(6)	(101)	(672)	(232)	(14)	-	(1,025)
Reclassifications	(70)	(397)	27	29	(4)	-	(415)
Currency translation adjustments	1	(42)	(145)	(3)	-	-	(189)
December 31, 2023	1,907	13,007	55,589	4,021	596	-	75,120
Depreciation	52	314	1,004	191	25	-	1,586
Disposals	-	(17)	(82)	(36)	(1)	-	(136)
Reclassifications	-	-	(6)	(1)	-	-	(7)
Currency translation adjustments	(3)	21	11	(3)	-	-	26
March 31, 2024	1,956	13,325	56,516	4,172	620	-	76,589
Accumulated Impairment Losses							
January 1, 2023	-	3,415	10,659	73	1	-	14,148
Disposals	-	(42)	(79)	(6)	-	-	(127)
Currency translation adjustments	-	(72)	(196)	(1)	-	-	(269)
December 31, 2023	-	3,301	10,384	66	1	-	13,752
Currency translation adjustments	-	46	141	1	-	-	188
March 31, 2024	-	3,347	10,525	67	1	-	13,940
Carrying Amount							
December 31, 2023	P16,769	P27,373	P35,151	P3,160	P1,555	P33,992	P118,000
March 31, 2024	P17,035	P28,653	P35,291	P3,144	P1,655	P33,608	P119,386

March 31, 2023

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Furniture, Other Equipment and Others	Leasehold Improvements	Capital Projects in Progress	Total
Cost							
January 1, 2023 (Audited)	P16,593	P39,859	P93,749	P6,169	P1,789	P33,387	P191,546
Additions	-	82	146	16	-	2,412	2,656
Disposals	-	-	(6)	(12)	-	-	(18)
Reclassifications	66	890	1,270	475	-	(2,571)	130
Currency translation adjustments	(12)	(161)	(337)	3	-	9	(498)
March 31, 2023 (Unaudited)	16,647	40,670	94,822	6,651	1,789	33,237	193,816
Accumulated Depreciation							
January 1, 2023 (Audited)	1,764	12,358	52,604	3,549	512	-	70,787
Depreciation	56	287	910	167	22	-	1,442
Disposals	-	-	(7)	(11)	-	-	(18)
Reclassifications	-	-	5	(3)	-	-	2
Currency translation adjustments	1	(74)	(165)	(6)	-	-	(244)
March 31, 2023 (Unaudited)	1,821	12,571	53,347	3,696	534	-	71,969
Accumulated Impairment Losses							
January 1, 2023 (Audited)	-	3,415	10,659	73	1	-	14,148
Currency translation adjustments	-	(46)	(182)	(2)	-	-	(230)
March 31, 2023 (Unaudited)	-	3,369	10,477	71	1	-	13,918
Carrying Amount							
March 31, 2023 (Unaudited)	P14,826	P24,730	P30,998	P2,884	P1,254	P33,237	P107,929

Depreciation and amortization recognized in the consolidated statements of income amounted to P1,586 and P1,442 for the periods ended March 31, 2024 and 2023, respectively.

5. Dividends

The BOD of the Parent Company approved the declaration and payment of the following cash dividends to common and preferred stockholders:

2024

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 1, 2024	February 16, 2024	March 1, 2024	P0.45

2023

Class of Shares	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Common	February 2, 2023	February 17, 2023	March 3, 2023	P0.40

6. Related Party Disclosures

The Parent Company, certain subsidiaries and their shareholders, associates and joint ventures purchase products and services from one another in the normal course of business. The Parent Company requires approval of the BOD for related party transactions amounting to at least ten percent (10%) of the total consolidated assets based on its latest audited financial statements.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as at March 31, 2024 and December 31, 2023:

	Year	Revenues from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Intermediate Parent Company	March 31, 2024	P45	P314	P5,795	P1,018	On demand except redeemable perpetual securities; non-interest bearing	Unsecured; no impairment
	December 31, 2023	P245	P1,590	P5,744	P1,060		
Entities under Common Control of the Intermediate Parent Company	March 31, 2024	258	8,927	1,753	22,044	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	1,078	36,777	1,968	23,196		
Joint Venture	March 31, 2024	14	-	2	2	On demand or less than 2 to 5 years; interest bearing	Unsecured; with impairment
	December 31, 2023	40	-	625	2		
Retirement Plan	March 31, 2024	-	-	-	146	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	-	-	-	-		
Associate of Intermediate Parent Company	March 31, 2024	67	-	3,507	-	Less than 1 to 7 years interest bearing	Unsecured; no impairment
	December 31, 2023	411	-	3,506	-		
Shareholders in Subsidiaries	March 31, 2024	26	283	133	58	On demand; non-interest bearing	Unsecured; no impairment
	December 31, 2023	315	3,845	176	57		
Total	March 31, 2024	P410	P9,524	P11,190	P23,268		
Total	December 31, 2023	P2,089	P42,212	P12,019	P24,315		

- a. Amounts owed by related parties consist of current and noncurrent receivables, deposits and share in expenses. It also includes investments in equity that pertains to subscription in redeemable perpetual securities and investments in debt securities under investment agreement with Bank of Commerce, both are presented as part of "Investments – net" account in the consolidated statement of financial position.
- b. The amounts owed by joint venture includes receivables from Thai San Miguel Liquor Company Limited included as part of "Amounts owed by related parties" under "Trade and other receivables - net" account in the consolidated statement of financial position amounting to P540 as at December 31, 2023.
- c. Amounts owed to related parties consist of trade and non-trade payables arising from management fees, professional fees, insurance and other services rendered by related parties.
- d. The Group has entered into various lease agreements with related parties as a lessor and lessee.

There were no known transactions with parties that fall outside the definition "related parties" under PAS 24, Related Party Disclosures, but with whom SMC or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

7. Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

For the purpose of computing diluted EPS, the net income for the period attributable to equity holders of the Parent Company and the weighted-average number of issued and outstanding common shares during the period are adjusted for the effect of all potential dilutive debt or equity instruments.

Basic and diluted EPS is computed as follows:

	March 31	
	2024	2023
Net income attributable to common shareholders of the Parent Company (a)	P6,004	P5,653
Weighted average number of common shares issued and outstanding (in millions) (b)	5,909	5,909
Basic and diluted earnings per common share attributable to equity holders of the Parent Company – basic and diluted (a/b)	P1.02	P0.96

As at March 31, 2024 and 2023, the Parent Company has no dilutive debt or equity instruments.

8. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Market Risk (Interest Rate Risk, Foreign Currency Risk and Commodity Price Risk)
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, investments in equity and debt instruments, short-term and long-term loans, and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits, trade payables and other current liabilities, excluding dividends payable and statutory liabilities, and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The outstanding derivative instruments of the Group such as options and currency forwards are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to commodity price and foreign currency risks arising from the operating activities.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with tax, legal and regulatory requirements, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD.

The Audit Committee shall prepare such reports as may be necessary to document the activities of the committee in the performance of its functions and duties. Such reports shall be included in the annual report of the Group and other corporate disclosures as may be required by the SEC and/or the PSE.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and special reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The BOD also constituted the Board Risk Oversight Committee to assist the BOD in fulfilling its oversight responsibility of the Group's enterprise risk management (ERM) system to ensure its functionality and effectiveness. The Board Risk Oversight Committee is tasked to develop and oversee the implementation of a formal ERM plan and annually review and advise the BOD of the Group's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework and external economic environment. It shall also assess the probability of each identified risk becoming a reality and estimate its possible financial impact and likelihood of occurrence, and oversee management's activities in identifying, monitoring, assessing and managing credit, market, liquidity, operational, legal and other risk exposures of the Group.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

On the other hand, the investment policy of the Group is to maintain an adequate yield to match or reduce the net interest cost from its borrowings pending the deployment of funds to their intended use in the operations and working capital management. However, the Group invests only in high-quality securities while maintaining the necessary diversification to avoid concentration risk.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing long-term borrowings, together with its gross amounts, are shown in the following tables:

March 31, 2024	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated Interest rate	P20,761 3.284%- 6.00%	P23,321 3.2840% -5.050%	P 22,138 3.2840% -6.9701%	P9,255 3.548%	P75,475
Floating Rate					
Philippine peso-denominated Interest rate	120	238 BVAL + margin or BSP TDF overnight rate, whichever is higher	238 BVAL + margin or BSP TDF overnight rate, whichever is higher	7,285 BVAL + margin or BSP TDF overnight rate, whichever is higher	7,881
	P20,881	P23,559	P22,376	P16,540	P83,356

December 31, 2023	<1 Year	>1 - 3 Years	>3 - 5 Years	>5 Years	Total
Fixed Rate					
Philippine peso-denominated Interest rate	P12,761 3.284%- 6.00%	P24,286 3.284%- 5.050%	P29,178 3.284%- 6.8412%	P9,255 3.548%	P75,480
Floating Rate					
Philippine peso-denominated Interest rate	120	238 BVAL + margin or BSP TDF overnight rate, whichever is higher	238 BVAL + margin or BSP TDF overnight rate, whichever is higher	7,285 BVAL + margin or BSP TDF overnight rate, whichever is higher	7,881
	P12,881	P24,524	P29,416	P16,540	P83,361

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P20 and P79 for the period ended March 31, 2024 and for the year ended December 31, 2023, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Foreign Currency Risk

The functional currency is the Philippine Peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using non-derivative instruments to manage its foreign currency risk exposure.

The Group uses natural hedges and/or purchases foreign currencies at spot rates, where necessary, to address short-term imbalances from importations, revenue and expense transactions, and other foreign currency-denominated obligations.

Information on the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents is as follows:

	March 31, 2023		December 31, 2023	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$288	P16,177	US\$297	P16,460
Trade and other receivables	32	1,778	34	1,899
Prepaid expenses and other current assets	5	268	5	271
Noncurrent receivables	-	7	-	7
	325	18,230	336	18,637
Liabilities				
Trade payables and other current liabilities	117	6,567	123	6,818
Lease liabilities	1	39	1	39
Other noncurrent liabilities	2	138	-	17
	120	6,744	124	6,874
Net Foreign Currency-denominated Monetary Assets	US\$205	P11,486	US\$212	P11,763

The Group reported net gain on foreign exchange amounting to P9 and P43 for the periods ended March 31, 2024 and 2023, respectively, with the translation of its foreign currency-denominated assets and liabilities. These mainly resulted from the movements of the Philippine Peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
March 31, 2024	P56.240
December 31, 2023	55.370
March 31, 2023	54.360
December 31, 2022	55.755

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to translation of results and financial position of foreign operations):

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
March 31, 2024				
Cash and cash equivalents	(P22)	(P282)	P22	P282
Trade and other receivables	(6)	(30)	6	30
Prepaid expenses and other current assets	-	(5)	-	5
	(28)	(317)	28	317
Trade payables and other current liabilities	37	108	(37)	(108)
Lease liabilities	-	1	-	(1)
Other noncurrent liabilities	-	2	-	(2)
	37	111	(37)	(111)
	P9	(P206)	(P9)	P206

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity (Net of Tax)	Effect on Income before Income Tax	Effect on Equity (Net of Tax)
December 31, 2023				
Cash and cash equivalents	(P34)	(P289)	P34	P289
Trade and other receivables	(6)	(33)	6	33
Prepaid expenses and other current assets	-	(5)	-	5
	(40)	(327)	40	327
Loans payable	52	110	(52)	(110)
Trade payables and other current liabilities	-	1	-	(1)
	52	111	(52)	(111)
	P12	(P216)	(P12)	P216

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices.

The Group, through SMC, enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

SMC enters into commodity derivative transactions on behalf of the Group to reduce cost by optimizing purchasing synergies within the SMC Group and managing inventory levels of common materials.

The Group uses commodity futures, swaps, and options to manage the Group's exposures to volatility in prices of certain commodities such as soybean meal and wheat.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

March 31, 2024	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P67,809	P67,809	P67,809	P -	P -	P -
Trade and other receivables - net	21,594	21,594	21,594	-	-	-
Restricted Cash (included under "Prepaid expenses and other current assets" account)	268	268	268	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	39	39	39	-	-	-
Financial assets at FVOCI (included under "Investments" account)	5,721	5,721	-	-	-	5,721
Financial assets at amortized cost (included under "Investments" account)	11,500	15,164	819	841	11,069	2,435
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	200	179	-	23	34	122
Financial Liabilities						
Loans payable	17,043	17,043	17,043	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	63,203	63,203	63,203	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	113	113	113	-	-	-
Long-term debt (including current maturities)	82,755	95,026	24,728	17,152	36,237	16,909
Lease liabilities (including current portion)	5,124	11,730	686	651	1,847	8,546
Other noncurrent liabilities	3,568	3,568	-	3,430	-	138

December 31, 2023	Carrying Amount	Contractual Cash Flow	1 Year or Less	>1 Year - 2 Years	>2 Years - 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	P57,007	P57,007	P57,007	P -	P -	P -
Trade and other receivables - net	25,869	25,869	25,869	-	-	-
Restricted Cash (included under "Prepaid expenses and other current assets" account)	271	271	271	-	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	50	50	50	-	-	-
Financial assets at FVOCI (included under "Investments - net" account)	5,628	5,628	-	-	-	5,628
Financial assets at amortized cost (included under "Investments - net" account)	11,500	16,131	764	841	2,520	12,006
Noncurrent receivables and deposit - net (included under "Other noncurrent assets - net" account)	183	183	-	29	29	125
Financial Liabilities						
Loans payable	14,684	14,658	14,658	-	-	-
Trade payables and other current liabilities (excluding derivative liabilities)	65,208	65,208	65,208	-	-	-
Derivative liabilities (included under "Trade payables and other current liabilities" account)	80	80	80	-	-	-
Long-term debt (including current maturities)	82,810	96,190	16,926	15,395	46,680	17,189
Lease liabilities (including current portion)	5,176	11,546	708	643	1,798	8,397
Other non-current liabilities	3,447	3,447	-	3,430	-	17

Credit Risk

Credit risk is the risk of financial loss to the Group when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables and investment securities. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The Group obtains collateral or arranges master netting agreements, where appropriate, so that in the event of default, the Group would have a secured claim.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investment in Debt Instruments

The Group limits its exposure to credit risk by investing only in liquid debt instruments with counterparties that have high credit ratings. The Group monitors changes in credit risk by tracking published external credit ratings. To determine

whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The credit quality of financial assets is being managed by the Group using internal credit ratings. Credit quality of the financial assets were determined as follows:

High grade includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash and cash equivalents and derivative assets.

Standard grade pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Group's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables and noncurrent receivables and deposits.

Receivables with high probability of delinquency and default were fully provided with allowance for impairment losses.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	March 31 2024	December 31 2023
Cash and cash equivalents (excluding cash on hand)	P66,156	P55,260
Trade and other receivables - net	21,594	25,869
Restricted Cash	268	271
Derivative assets	39	50
Financial assets at FVOCI	5,721	5,628
Financial assets at amortized cost	11,500	11,500
Noncurrent receivables and deposits - net	200	183
	P105,478	P98,761

The table below presents the Group's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month expected credit loss (ECL) or lifetime ECL. Assets that are credit-impaired are separately presented.

March 31, 2024	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	P66,156	P -	P -	P -	P66,156
Trade and other receivables - net	21,594	-	1,152	-	22,746
Restricted Cash	268	-	-	-	268
Derivative assets	-	-	-	39	39
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits - net	-	200	-	-	200
Total	P99,518	P200	P1,152	P39	P 100,909

December 31, 2023	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		
Cash and cash equivalents (excluding cash on hand)	P55,260	P-	P-	P-	P55,260
Trade and other receivables -net	25,869	-	1,185	-	27,054
Restricted Cash	271	-	-	-	271
Derivative assets	-	-	-	50	50
Financial assets at amortized cost	11,500	-	-	-	11,500
Noncurrent receivables and deposits -net	-	183	-	-	183
	P92,900	P183	P1,185	P50	P94,318

The aging of receivables is as follows:

March 31, 2024	Amounts Owed by Related Parties			Total
	Trade	Non-trade		
Current	P14,961	P611	P350	P15,922
Past due:				
1-30 days	2,926	95	41	3,062
31-60 days	428	25	85	538
61-90 days	152	46	37	235
Over 90 days	587	720	1,682	2,989
	P19,054	P1,497	P2,195	P22,746

December 31, 2023	Amounts Owed by Related Parties			Total
	Trade	Non-trade		
Current	P17,016	P621	P459	P18,096
Past due:				
1 -30 days	4,790	165	202	5,157
31 -60 days	491	61	78	630
61 -90 days	186	129	35	350
Over 90 days	595	616	1,610	2,821
	P23,078	P1,592	P2,384	P27,054

Various collaterals for trade receivables such as bank guarantees, time deposits and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

The Group computes impairment loss on receivables based on past collection experience, current circumstances and the impact of future economic conditions, if any, available at the reporting period. There are no significant changes in the credit quality of the counterparties during the period.

The credit risk for cash and cash equivalents, restricted cash, derivative assets, investment in debt instruments at amortized cost and financial assets at FVOCI is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties.

The Group does not execute any credit guarantee in favor of any counterparty.

Financial and Other Risks Relating to Livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling prices of chicken, hogs and cattle and related products, all of which are determined by constantly changing market forces such as supply and demand and other factors. The other factors include environmental regulations, weather conditions and livestock diseases for which the Group has little control. The mitigating factors are listed below:

- The Group is subject to risks affecting the food industry, generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by environmental, health and food safety organizations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Furthermore, representatives from the government regulatory agencies are present at all times during the processing of dressed chicken, hogs and cattle in all dressing and meat plants and issue certificates accordingly. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice.
- The Group is subject to risks relating to its ability to maintain animal health status considering that it has no control over neighboring livestock farms. Livestock health problems could adversely impact production and consumer confidence. However, the Group monitors the health of its livestock on a daily basis and proper procedures are put in place.
- The livestock industry is exposed to risk associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group enters into forward contracts to secure the supply of raw materials at a reasonable price.

Other Market Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets at FVPL and FVOCI). The Group manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group is not subject to externally-imposed capital requirements.

9. Financial Assets and Financial Liabilities

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset (unless a trade receivable without a significant financing component) or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The Group classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. For purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, trade and other receivables, investment in debt instruments at amortized cost, noncurrent receivables and deposits, and restricted cash are included under this category.

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Investment in debt instruments is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt instruments are recognized in the consolidated statements of income. When investment in debt instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are transferred to and recognized in the consolidated statements of income.

Dividends earned on holding an investment in equity instrument are recognized as dividend income in the consolidated statements of income when the right to receive the payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment. When investment in equity instruments at FVOCI is derecognized, the related accumulated gains or losses previously reported in the consolidated statements of changes in equity are never reclassified to the consolidated statements of income.

The Group's investments in equity and debt instruments at FVOCI are classified under this category.

Financial Assets at FVPL. All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. This includes derivative financial assets that are not designated as cash flow hedge. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

At initial recognition, the Group may irrevocably designate a financial asset as at FVPL if the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Changes in fair value and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income. Any interest earned from investment in debt instrument designated as at FVPL is recognized in the consolidated statements of income. Any dividend income from investment in equity instrument is recognized in the consolidated statements of income when the right to receive payment has been established, unless the dividend clearly represents a recovery of the part of the cost of the investment.

The Group's derivative assets that are not designated as cash flow hedge and investments in equity instruments at FVPL are classified under this category.

Financial Liabilities

The Group determines the classification of its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities that are not designated as cash flow hedge are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

The Group's liabilities arising from its trade transactions or borrowings such as loans payable, accounts payable and accrued expenses, long-term debt, lease liabilities and other noncurrent liabilities are included under this category.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost and investments in debt instruments at FVOCI.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the restructuring of a financial asset by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income. The ECLs on investments in debt instruments at FVOCI are recognized as accumulated impairment losses in other comprehensive income, with the resulting impairment losses (or reversals) recognized in the consolidated statements of income.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The table below presents a comparison by category of the carrying amounts and fair values of the Group's financial instruments:

	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P67,809	P67,809	P57,007	P57,007
Trade and other receivables - net	21,594	21,594	25,869	25,869
Restricted Cash (included under "Prepaid expenses and other current assets" account)	268	268	271	271
Derivative assets (included under "Prepaid expenses and other current assets" account)	39	39	50	50
Financial assets at FVOCI (included under "Investments" account)	5,721	5,721	5,628	5,628
Financial assets at amortized cost (included under "Investments" account)	11,500	11,500	11,500	11,500
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	200	200	183	183
Financial Liabilities				
Loans payable	17,043	17,043	14,684	14,684
Trade payables and other current liabilities (excluding derivative liabilities)	63,203	63,203	65,208	65,209
Derivative liabilities (included under "Trade payables and other current liabilities" account)	113	113	80	80
Long-term debt (including current maturities)	82,755	80,475	82,810	80,692
Lease liabilities (including current portion)	5,124	5,124	5,176	5,176
Other noncurrent liabilities	3,568	3,568	3,447	3,447

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Noncurrent Receivables and Deposits and Restricted Cash. The carrying amount of cash and cash equivalents, trade and other receivables and restricted cash approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables and deposits, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. In the case of freestanding currency and commodity derivatives, the fair values are determined based on quoted prices obtained from their respective active markets. Fair values for stand-alone derivative instruments that are not quoted from an active market and for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Financial Assets at FVOCI. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Investment in Debt Instruments. The fair value of investment in debt instruments is estimated as the present value of all future cash flows discounted using prevailing market rate of interest for a similar instrument as of the end of the reporting period.

Loans Payable, Trade Payables and Other Current Liabilities, and Other Noncurrent Liabilities. The carrying amounts of Loans Payable and trade payables and other current liabilities approximate fair values due to the relatively short-term maturities of these financial instruments. In case of other noncurrent liabilities, the carrying amount approximates fair value as at reporting date.

Long-term Debt and Lease Liabilities. The fair value of interest-bearing fixed rate loans is based on the discounted value expected future cash flows using the applicable market rates for similar types of instruments as of reporting date. As at March 31, 2024 and December 31, 2023, discount rates used ranges from 5.59% to 6.20% and from 5.03% to 5.96% respectively.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of freestanding and embedded derivative financial instruments are discussed below.

The Group, through SMC, enters into various commodity derivative contracts to manage its exposure on commodity price risk. The portfolio is a mixture of instruments including futures, swaps and options.

Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding commodity options and embedded currency forwards which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of various commodity options entered into by SMC on behalf of the Group.

As at March 31, 2024 and December 31, 2023, the Group has no outstanding bought and sold options covering its wheat and soybean meal requirements.

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts. As at March 31, 2024 and December 31, 2023, the total outstanding notional amount of such embedded currency forwards amounted to, US\$135 and US\$109, respectively. These non-financial contracts consist mainly of foreign currency-denominated purchase orders, sales agreements and capital expenditures. The embedded forwards are not clearly and closely related to their respective host contracts. The net negative fair value of these embedded currency forwards amounted to P74 and P30 as at March 31, 2024 and December 31, 2023, respectively.

The Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to (P42) and P144 for the periods ended March 31, 2024 and 2023, respectively.

Fair Value Changes on Derivatives

The net movements in fair value of the derivative instruments are as follows:

	March 31, 2024	December 31, 2023
Balance at beginning of year	(P30)	(P104)
Net change in fair value of derivatives	(42)	2
	(72)	(102)
Less fair value of settled instruments	(2)	72
Balance at end of year	(P74)	(P30)

Fair Value Measurements

The Group measures financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The table below analyzes financial instruments carried at fair value by valuation method:

	March 31, 2024			December 31, 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P-	P39	P39	P -	P50	P50
Financial assets at FVOCI	5,721	-	5,721	5,628	-	5,628
Financial assets at amortized cost	11,500	-	11,500	11,500	-	11,500
Financial Liabilities						
Derivative liabilities	-	113	113	-	80	80

The Group has no financial instruments valued based on Level 3 as at March 31, 2024 and December 31, 2023. For the period ended March 31, 2024 and for the year ended December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

10. Other Matters**a. Commitments**

The outstanding purchase commitments of the Group amounted to P82,528 and P71,832 as at March 31, 2024 and December 31, 2023, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b.** There were no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- c.** There were no material changes in estimates of amounts reported in prior financial years.

11. Event After the Reporting Date

On May 8, 2024, the BOD of the Parent Company declared regular cash dividends to all common shareholders of record as of May 23, 2024 amounting to P0.45 per common share. Cash dividends for common shares is payable on June 7, 2024.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited consolidated financial statements of San Miguel Food and Beverage, Inc. ("SMFB" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at and for the period ended March 31, 2024 (with comparative figures as at December 31, 2023 and for the period ended March 31, 2023). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as at March 31, 2024, and for all the other periods presented, have been made. Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with the Philippine Financial Reporting Standards have been omitted.

Operating Segments

The Group has three primary operating segments, namely, the Beer and Non-alcoholic Beverages (NAB) Segment, the Spirits Segment and the Food Segment.

The Beer and NAB Segment is engaged in the production, marketing and selling of fermented, malt-based and non-alcoholic beverages within the Philippines and several foreign markets.

The Spirits Segment is engaged in the production of hard liquor in the form of gin, Chinese wine, brandy, rum, vodka and other hard liquor variants, which are available nationwide, while some are exported to select countries.

The Food Segment is engaged in (i) the processing and marketing of branded value-added refrigerated processed meats, canned meats, ready-to-eat viands, seafood and plant-based food products, the manufacture and marketing of butter, margarine, cheese, milk, ice cream and salad aids, the marketing of flour mixes, and the importation and marketing of coffee products (collectively known as "Prepared and Packaged Food"); (ii) the production and sale of feeds, veterinary medicine and pet care products ("Animal Nutrition and Health"); (iii) poultry and livestock farming, and the processing and sale of poultry and fresh meats ("Protein"); and (iv) the milling, production and marketing of flour and bakery ingredients, grain terminal handling, foodservice and international operations ("Others").

I. FINANCIAL PERFORMANCE

Three months ended March 31, 2024 compared to three months ended March 31, 2023

(in millions)	MARCH		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2024	2023	AMOUNT	%	2024	2023
SALES	95,432	93,186	2,246	2%	100%	100%
COST OF SALES	69,692	69,863	(171)	(0%)	73%	75%
GROSS PROFIT	25,740	23,323	2,417	10%	27%	25%
SELLING AND ADMINISTRATIVE EXPENSES	(12,621)	(11,742)	879	7%	(13%)	(13%)
OPERATING RESULTS	13,119	11,581	1,538	13%	14%	12%
INTEREST EXPENSE AND OTHER	(1,129)	(1,164)	(35)	(3%)	(1%)	(1%)
FINANCING CHARGES						
INTEREST INCOME	914	740	174	24%	1%	1%
GAIN ON SALE OF INVESTMENTS AND	1	2	(1)	(50%)	0%	0%
PROPERTY AND EQUIPMENT						
OTHER INCOME (CHARGES) - NET	117	1,855	(1,738)	(94%)	0%	2%
INCOME BEFORE INCOME TAX	13,022	13,014	8	0%	14%	14%
INCOME TAX EXPENSE	3,048	3,139	(91)	(3%)	3%	3%
NET INCOME	9,974	9,875	99	1%	10%	11%
Attributable to:						
Equity holders of the Parent Company	6,004	5,653	351	6%	6%	6%
Non-controlling interests	3,970	4,222	(252)	(6%)	4%	5%
	9,974	9,875	99	1%	10%	11%

The Group continued to deliver solid results for the first quarter of 2024.

Consolidated sales for the three months ended March 31, 2024 amounted to P95,432 million, 2% higher compared to the same period in 2023, while the consolidated net income amounted P9,974 million, 1% higher than in the same period in 2023.

Sales

Consolidated sales increased by 2%, from P93,186 million for the three months ended March 31, 2023 to P95,432 million for the same period in 2024. Sales in the Beer and NAB Segment decreased by 3%, from P38,334 million in 2023 to P37,366 million in 2024, sales in the Spirits Segment increased by 17%, from P12,944 million in 2023 to P15,116 million in 2024, and sales in the Food Segment increased by 2%, from P41,908 million in 2023 to P42,950 million in 2024. The increase was mainly due to higher sales volume of the Food and Spirits businesses.

Cost of Sales

The level of consolidated cost of sales was maintained, P69,863 million for the three months ended March 31, 2023 and P69,692 million for the same period in 2024. Cost of sales in the Beer and NAB Segment decreased by 3%, from P24,863 million in 2023 to P24,023 million in 2024, cost of sales in the Spirits Segment increased by 15%, from P9,905 million in 2023 to P11,393 million in 2024, and cost of sales in the Food Segment decreased by 2%, from P35,095 million in 2023 to P34,276 million in 2024. The net variance was due to the relative costs of higher sales volume and the annual increase in excise taxes, offset by lower average costs of raw materials primarily used by the Food Segment compared to the same period in 2023.

The following table summarizes the cost of sales for the three months ended March 31, 2024:

(in millions)	Beer and NAB	Spirits	Food	Total
Inventories	P4,120	P4,265	P29,364	P37,749
Excise tax	17,737	6,623	-	24,360
Labor	525	105	645	1,275
Others	1,641	400	4,267	6,308
	P24,023	P11,393	P34,276	P69,692

Gross profit

Consolidated gross profit increased by 10%, from P23,323 million for the three months ended March 31, 2023 to P25,740 million for the same period in 2024.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 7%, from P11,742 million for the three months ended March 31, 2023 to P12,621 million for the same period in 2024. Selling and administrative expenses in the Beer and NAB Segment increased by 4%, from P5,033 million in 2023 to P5,211 million in 2024, selling and administrative expenses in the Spirits Segment increased by 3%, from P1,408 million in 2023 to P1,445 million in 2024, and selling and administrative expenses in the Food Segment increased by 13%, from P5,301 million in 2023 to P5,965 million in 2024 (includes other administrative expenses of the Parent Company amounting to P21 million). The increase was primarily due to the higher handling costs related to volume increase and higher rates, as well as increased advertising and promotions spending.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges decreased by 3%, from P1,164 million for the three months ended March 31, 2023 to P1,129 million for the same period in 2024. The decrease was mainly due to lower average loan balances during the period.

Interest Income

Consolidated interest income increased by 24%, from P740 million for the three months ended March 31, 2023 to P914 million for the same period in 2024. The significant increase was primarily due to higher money market placements with longer maturity periods and improved rates, as well as interests earned on investments in debt instruments.

Gain on sale of investments and property and equipment

The gain recognized, amounting to P1 million for the three months ended March 31, 2024, was due to the proceeds from sale of fixed assets.

Other Income - Net

The Group recognized consolidated net other income amounting to P117 million for the three months ended March 31, 2024 compared to the consolidated net other income of P1,855 million for the same period in 2023. The decrease was primarily due to the Spirits Segment's one-time gain from the assignment of product rights in 2023, 2024's lower foreign exchange gain and marked to market losses as a result of depreciation of the Peso against the US Dollar.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax for the three months ended March 31, 2024 amounted to P13,022 million.

Income Tax Expense

The Group's income tax expense decreased by 3%, from P3,139 million for the three months ended March 31, 2023 to P3,048 million for the same period in 2024.

Net Income

As a result of the foregoing, SMFB's consolidated net income increased by 1%, from P9,875 million for the three months ended March 31, 2023 to P9,974 million for the same period in 2024. Net income of the Beer and NAB Segment decreased by 4%, from P6,819 million in 2023 to P6,513 million in 2024, while net income of the Spirits Segment decreased by 25%, from P2,532 million in 2023 to P1,907 million in 2024. On the other hand, the Food Segment's net income increased by 197%, from P524 million in 2023 to P1,554 million (inclusive of other administrative expenses of the Parent Company) in 2024.

Non-Controlling Interests

Share of non-controlling interests in the Group's net income decreased by 6% from P4,222 million in the first quarter of 2023 to P3,970 million in the first quarter of 2024.

Net Income after Tax and Minority Interest

As a result of the foregoing, SMFB's consolidated net income after tax and minority interest increased by 6%, from P5,653 million for the three months ended March 31, 2023 to P6,004 million for the same period in 2024. Net income after tax and minority interest of the Beer and NAB Segment decreased by 4%, from P3,389 million in 2023 to P3,263 million in 2024, net income after tax and minority interest of the Spirits Segment decreased by 25%, from P1,919 million in 2023 to P1,445 million in 2024, and net income after tax and minority interest of the Food Segment increased by 276% from P345 million in 2023 to P1,296 million (inclusive of other administrative expenses of the Parent Company) in 2024.

Business Highlights for the period ended March 31, 2024

Beer and NAB

San Miguel Brewery Inc. (SMB) domestic operations accounted for P33,055 million total revenue for the first quarter of 2024, 3% lower compared to the first quarter of 2023 given last year's higher beer volume due to the build-up in the trade in anticipation of a March 2023 price adjustment.

With the lower first quarter volumes, income from operations likewise fell to P7,016 million, 4% lower than in the same period last year. Nevertheless, SMB still posted a net income of P6,233 million, 9% higher than in the first quarter of last year mainly due to the dividends received from San Miguel Brewing International Limited (SMBIL) last January.

SMBIL registered consolidated revenues of US\$77.1 million in the first quarter of 2024, 3% lower than in the comparable period last year on account of a 1% shortfall in volumes, market mix and the depreciation of most local currencies against the US Dollar.

SMBIL's global San Miguel brands continued to deliver robust volumes as it grew 4% as of the first quarter of 2024. This was offset by lower volumes of local brands (i.e., beer brands owned by the subsidiaries in the relevant markets) and partner brands. Sales in the South China operations grew 11% through effective penetration and promotion programs, while Thailand operations' volumes expanded due to the impact of outlet expansion efforts since the previous year and the growth in its new low alcohol, low carbohydrates beer. Volumes of global San Miguel brands in the Vietnam operations were also higher than in the first three months of last year due to the expansion in draught outlets and higher yield from the modern trade off-premise channel. Meanwhile, the Exports business likewise grew from same period last year as growth momentum in the United Arab Emirates was sustained and volumes in some major markets in Africa improved. On the other hand, the Hong Kong and Indonesia operations posted a decline in sales in the first quarter of 2024. Hong Kong operations' volume was affected by the contraction of the beer industry, increasing number of outbound tourists particularly those crossing the border to China, and tourist arrivals that were still behind pre-pandemic levels. Volumes in the Indonesia operations were lower due to the decline in sales of Anker Bir in the wholesaler channel.

Consolidated operating income of SMBIL for the first quarter of 2024 stood at US\$19.9 million, 3% lower versus same period last year as the impact of lower volumes and unfavorable market mix and foreign exchange was offset by lower average production costs.

Spirits

The Spirits Segment's revenue amounted to P15,116 million for the quarter ended March 31, 2024, 17% higher than in the first quarter of 2023's P12,944 million, mainly due to volume improvement of major brands and a price increase.

Gross profit for the three months ended March 31, 2024 amounted to P3,723 million, 22% higher than in the first three months of 2023 or P684 million, driven by the selling price increase, generally stable costs of major materials, and improvement of the distillery's biogas generation.

Interest expense and other financing charges increased by 11% to P20 million in the first quarter of 2024 from P18 million a year ago mainly from the short-term loan availed by the Segment in the last quarter of 2023.

Interest income registered a 101% growth to P189 million for the first quarter of 2024 from P94 million in the same period in 2023 primarily due to the interest received from money market placements and related party advances.

Other income amounted to P90 million for the first quarter of 2024 from P1,663 million for first quarter of 2023 mainly driven by the one-time miscellaneous income recognized in 2023.

The group's net income after tax for the first quarter of 2024 amounted to P1,907 million, lower by P625 million from P2,532 million for the first quarter of 2023.

Food

The Food Segment started the year strong and posted consolidated revenues of P42,950 million for the first three months of 2024, up by 2% versus same period in 2023, primarily driven by higher sales volume achievement across most Food businesses.

The Protein business, comprised of the poultry and fresh meats businesses, delivered revenue of P15,544 million for the first quarter of 2024, up 2% from the same period in 2023. A stable growth in broiler supply enabled the business to address the robust demand from foodservice, supermarkets, and wet markets, offsetting the impact of low chicken selling prices brought about by the influx of imported frozen chicken. On the other hand, the resurgence of African Swine Fever (ASF) in several provinces continues to hamper plans for repopulation, thereby affecting fresh meats business' revenue.

The Animal Nutrition and Health business recorded revenue of P10,706 million, 3% lower than same period last year's level. The strong performance of free-range fowl feeds partly cushioned the drop in hog feeds sales, which continues to be hampered by the ASF-induced industry depopulation. The business likewise maintained volumes through competitive pricing timed with the softening of direct materials costs, to preserve profitability despite lower tactical selling price.

The Prepared and Packaged Food business, consisting of processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee businesses, posted revenues of P12,734 million, up 9% compared to same period in 2023, boosted by better selling prices and higher sales volume. Sales volume growth was noted for The Purefoods-Hormel Company, Inc.'s Tender Juicy® Hotdogs, Purefoods Luncheon Meat, Purefoods Corned Beef, sliced hams and Purefoods native line. Magnolia Inc.'s butter, cheese, salad aids, flour mixes and ice cream, as well as the coffee business' Sugarfree and Barako variants, likewise recorded higher volume.

The Food Segment's cost of sales was 2% lower at P34,276 million compared to same period last year, mainly driven by cost breaks in most of the major raw materials such as corn, soybean meal, feed wheat, broiler, imported beef, skimmed milk powder, cheese curds and anhydrous milkfat, coupled with enhanced operational efficiencies enabled by the company-owned facilities.

Gross profit rose to P8,674 million, 27% higher compared to the first quarter of 2023, driven by higher volumes sold with lower costs of major raw materials compared to last year's level.

Selling and administrative expenses increased 12% to P5,940 million mainly due to an increase in manpower requirements to support expansion, implementation of government-mandated wage hikes and higher spending on advertising and promotion to support and drive volume growth.

As a result, the Food Segment's operating income for the first quarter rose to P2,730 million, 78% higher than same period in 2023.

Three months ended March 31, 2023 compared to three months ended March 31, 2022

(in millions)	MARCH		HORIZONTAL ANALYSIS INCREASE (DECREASE)		VERTICAL ANALYSIS	
	2023	2022	AMOUNT	%	2023	2022
SALES	93,186	83,054	10,132	12%	100%	100%
COST OF SALES	69,863	59,273	10,590	18%	75%	71%
GROSS PROFIT	23,323	23,781	(458)	(2%)	25%	29%
SELLING AND ADMINISTRATIVE EXPENSES	(11,742)	(11,081)	661	6%	(13%)	(13%)
OPERATING RESULTS	11,581	12,700	(1,119)	(9%)	12%	15%
INTEREST EXPENSE AND OTHER FINANCING CHARGES	(1,164)	(789)	375	48%	(1%)	(1%)
INTEREST INCOME	740	90	650	722%	1%	0%
GAIN ON SALE OF INVESTMENTS AND PROPERTY AND EQUIPMENT	2	5	(3)	(60%)	0%	0%
OTHER INCOME (CHARGES) - NET	1,855	36	1,819	5053%	2%	0%
INCOME BEFORE INCOME TAX	13,014	12,042	972	8%	14%	14%
INCOME TAX EXPENSE	3,139	2,891	248	9%	3%	3%
NET INCOME	9,875	9,151	724	8%	11%	11%
Attributable to:						
Equity holders of the Parent Company	5,653	6,171	(518)	(8%)	6%	7%
Non-controlling interests	4,222	2,980	1,242	42%	5%	4%
	9,875	9,151	724	8%	11%	11%

The Group managed to deliver top-line growth despite the continued challenges on rising costs, particularly on raw materials prices, excise tax and handling costs.

Consolidated sales for the three months ended March 31, 2023 amounted to P93,186 million, 12% higher compared to the same period in 2022, while the consolidated net income amounted P9,875 million, 8% higher than in the same period in 2022.

Sales

Consolidated sales increased by 12%, from P83,054 million for the three months ended March 31, 2022 to P93,186 million for the same period in 2023. Sales in the Beer and NAB Segment increased by 29%, from P29,658 million in 2022 to P38,334 million in 2023, sales in the Spirits Segment increased by 3%, from P12,619 million in 2022 to P12,944 million in 2023, and sales in the Food Segment increased by 3%, from P40,777 million in 2022 to P41,908 million in 2023. The increase was mainly due to a combination of higher sales volume of the Group and increase in average selling prices of certain products.

Cost of Sales

Consolidated cost of sales increased by 18%, from P59,273 million for the three months ended March 31, 2022 to P69,863 million for the same period in 2023. Cost of sales in the Beer and NAB Segment increased by 35%, from P18,359 million in 2022 to P24,863 million in 2023, cost of sales in the Spirits Segment increased by 5%, from P9,397 million in 2022 to P9,905 million in 2023, and cost of sales in the Food Segment increased by 11%, from P31,517 million in 2022 to P35,095 million in 2023. The increase was due to the higher sales volume of the Group and rising input costs on raw materials and fuel, as well as the annual increase in excise taxes.

The following table summarizes the cost of sales for the three months ended March 31, 2023:

(in millions)	Beer and NAB	Spirits	Food	Total
Inventories	P4,435	P3,834	P30,185	P38,454
Excise tax	18,157	5,552	-	23,709
Labor	483	92	571	1,146
Others	1,788	427	4,339	6,554
	P24,863	P9,905	P35,095	P69,863

Gross profit

Consolidated gross profit decreased by 2%, from P23,781 million for the three months ended March 31, 2022 to P23,323 million for the same period in 2023. The decrease was primarily driven by the higher input costs.

Selling and Administrative Expenses

Consolidated selling and administrative expenses increased by 6%, from P11,081 million for the three months ended March 31, 2022 to P11,742 million for the same period in 2023. Selling and administrative expenses in the Beer and NAB Segment increased by 11%, from P4,548 million in 2022 to P5,033 million in 2023, selling and administrative expenses in the Spirits Segment decreased by 1%, from P1,426 million in 2022 to P1,408 million in 2023, and selling and administrative expenses in the Food Segment increased by 4%, from P5,107 million in 2022 to P5,301 million in 2023 (includes other administrative expenses of the Parent Company amounting to P19 million). The increase was primarily due to the higher distribution costs, amortization expense of deferred containers, and costs related to newly acquired and built company-owned facilities and trucks.

Interest Expense and Other Financing Charges

Consolidated interest expense and other financing charges increased by 48%, from P789 million for the three months ended March 31, 2022 to P1,164 million for the same period in 2023. The increase was mainly due to additional loan availments with higher prevailing interest rates and interest related to acquired properties on account.

Interest Income

Consolidated interest income increased by 722%, from P90 million for the three months ended March 31, 2022 to P740 million for the same period in 2023. The significant increase was primarily due to higher money market placements with longer maturity period and improved rates, as well as interests earned on investments in debt instruments.

Gain on sale of investments and property and equipment

The gain recognized, amounting to P2 million for the three months ended March 31, 2023, was due to the proceeds from sale of fixed assets.

Other Income - Net

The Group recognized consolidated other income amounting to P1,855 million for the three months ended March 31, 2023 compared to the consolidated other income of P36 million for the same period in 2022. The increase was primarily due to the Spirits Segment's income recognized from the assignment of product rights, the Group's higher foreign exchange and marked to market gains as a result of appreciation of the Peso against the US Dollar and gain on proceeds from insurance claims.

Net Income before Income Tax

As a result of the foregoing, consolidated net income before income tax increased by 8% from P12,042 million for the three months ended March 31, 2022 to P13,014 million for the same period in 2023.

Income Tax Expense

The Group's income tax expense increased by 9%, from P2,891 million for the three months ended March 31, 2022 to P3,139 million for the same period in 2023. This increase was primarily due to the higher taxable income of the Group.

Net Income

As a result of the foregoing, SMFB's consolidated net income increased by 8%, from P9,151 million for the three months ended March 31, 2022 to P9,875 million for the same period in 2023. Net income of the Beer and NAB Segment increased by 38%, from P4,935 million in 2022 to P6,819 million in 2023, while net income of the Spirits Segment increased by 81%, from P1,399 million in 2022 to P2,532 million in 2023. On the other hand, the Food Segment's net income decreased by 81%, from P2,817 million in 2022 to P524 million (inclusive of other administrative expenses of the Parent Company) in 2023.

Non-Controlling Interests

Share of non-controlling interests in the Group's net income increased by 42% from P2,980 million in the first quarter of 2022 to P4,222 million in the first quarter of 2023 mainly due to the higher net income of the Group.

Net Income after Tax and Minority Interest

As a result of the foregoing, SMFB's consolidated net income after tax and minority interest decreased by 8%, from P6,171 million for the three months ended March 31, 2022 to P5,653 million for the same period in 2023. Net income after tax and minority interest of the Beer and NAB Segment increased by 37%, from P2,467 million in 2022 to P3,389 million in 2023, net income after tax and minority interest of the Spirits Segment increased by 81%, from P1,060 million in 2022 to P1,919 million in 2023, and net income after tax and minority interest of the Food Segment decreased from P2,644 million in 2022 to P345 million (inclusive of other administrative expenses of the Parent Company) in 2023.

Business Highlights for the period ended March 31, 2023

Beer and NAB

SMB domestic operations continued its uptrend performance in the first quarter of 2023 with revenue of P33,988 million, 29% higher than in the same period in 2022 as a result of the higher sales volume and the impact of the price increase implemented on March 1, 2023. The volume growth was attributed to new brand campaigns and offtake-generating programs complemented by the favorable external environment, such as the continued relaxed COVID-19 restrictions, resumption of tourism activities, and recovery of the on-premise channels, as well as the trade stock build-up by customers prior to the implementation of the price increase.

Income from operations was 17% higher than in the first three months of 2022 on the back of strong first quarter 2023 performance with the further reopening of the economy. This resulted to a 29% increase in net income, from P4,455 million in 2022 to P5,740 million in 2023.

SMBIL registered US\$79.4 million in consolidated revenue for the first quarter of 2023, 27% higher than that of the comparable period in 2022 as a result of the 29% increase in volumes.

SMBIL's global San Miguel brands sustained its strong volume growth in the first quarter of 2023 which translated to a 45% increase compared to the same period in 2022. This was accompanied by the 10% improvement in volumes of partner brands (i.e., products of other entities distributed or manufactured for such entities, by the SMBIL group). Local sales volume growth continued in the Thailand operations due to the implementation of multi-channel programs and revival of international tourism, as well as in the Exports business, predominantly in the United Arab Emirates market, partly due to adjustments in the inventory levels to mitigate stock-out risks due to shipping disruptions. Hong Kong and South China operations posted a double-digit rebound in sales in February and March 2023, coming from the volume declines in January, given the improving market situation and the reopening of markets. Sales volume in the Indonesia operations were lower due to the decline in sales of Anker Bir in the wholesaler-served traditional trade outlets cushioned by the growth of total San Miguel brands in on-premise outlets and increased sales of its partner brand, Carlsberg. Despite the month-on-month double-digit sales improvement of total San Miguel brands versus 2022 levels, domestic volumes in the Vietnam operations remained lower due to the decline in the low-margin, local W1n Bia brand. Meanwhile, SMBIL was able to gain incremental volumes from the launch of its new specialty and limited-edition beer, San Miguel Chocolate Lager, in Thailand, Taiwan, Hong Kong and Vietnam.

SMBIL's consolidated operating income for the period ended March 31, 2023, was 102% higher at US\$20.6 million compared to the same period in 2022, mainly driven by the net improvement in volumes, backed by the impact of the price increase implemented in the middle of 2022.

Spirits

The Spirits Segment's revenues for the first three months of 2023 of P12,944 million was higher than in the same period of 2022 by 3% mainly driven by an 8% increase in average selling prices. Meanwhile, gross profit dropped by 6% from the same period in 2022 driven by the annual increase in excise taxes and higher raw materials cost.

Interest expense and other financing charges increased by P9 million mainly from the accrued interest expense on defined benefit obligation.

Other income has significantly increased mainly due to the income recognized from the assignment of product rights.

The Spirits Segment registered consolidated net income of P2,532 million in the first quarter of 2023 which is an increase of 81% versus the comparable period in 2022.

Food

The Food Segment registered revenues of P41,908 million for the first quarter of 2023, 3% higher than same period in 2022. Revenues increased on the back of purposive price hikes to partly cushion the impact of rising cost of major raw materials and other manufacturing input costs. However, impact of macroeconomic concerns on consumer spending, mainly high inflation, and increased borrowing costs affected sales performance across businesses. At the same time, limited grown broiler supply also constrained the Poultry business' volume achievement.

The Protein business, comprised of poultry and fresh meats, recorded revenues of P15,288 million, 8% lower compared to first quarter of 2022's level, curtailed largely by chicken supply limitations. Available chicken products were deliberately channeled to serve the growing demand for Timplados®, as well as the increasing requirements of the foodservice channel, as out-of-home dining continues to bounce back. Meanwhile, revenues of the fresh meats business also declined against first quarter of 2022's level following downsized hog operations due to the prolonged impact of the ASF.

The Animal Nutrition and Health business delivered revenues of P10,985 million, 8% higher compared to the first quarter of 2022, mainly coming from the series of price increases implemented to partly pass on the impact of higher raw material costs. Sales volume, however, was behind same period in 2022's level due to depopulation caused by the resurgence of avian flu and continued impact of ASF.

Meanwhile, the Prepared and Packaged Food business, consisting of the processed meats, ready-to-eat and plant-based food, dairy, spreads, and coffee businesses, posted revenues of P11,734 million, up by 14% from same period in 2022. The processed meats category sustained steadfast volume growth, led by Tender Juicy® Hotdogs, Purefoods Chicken Nuggets, Purefoods Corned Beef and Purefoods Luncheon Meat. Sales volume of Magnolia Inc.'s butter, refrigerated margarine, cheese and salad aids likewise increased. San Mig Coffee Sugarfree, Original and Barako variants also saw robust growth momentum.

The Food Segment's cost of sales at P35,095 million was 11% higher than same period in 2022. This was driven by the unabated increases in the cost of major raw materials such as wheat, corn, soybean meal, imported meat and dairy, among others. Fuel and power costs also remain elevated. The continuing Russia-Ukraine tension, global supply constraints and the impact of Philippine Peso depreciation also contributed to inflationary increase in production costs.

The escalating costs of major raw materials and other production-related costs suppressed the Food Segment's gross profit to P6,813 million, 26% lower compared to first quarter 2022's level.

Selling and administrative expenses went up by 4% to P5,282 million, mainly due to increase in manpower and logistics costs, partly tempered by optimized utilization of company-owned plants and warehouses.

As a result, the Food Segment's income from operations was heavily weighed down to P1,531 million for the first three months of 2023.

II. FINANCIAL POSITION

Financial Position as of March 31, 2024 vs December 31, 2023

(in millions)	March 2024	December 2023	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease) Amount	%	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	67,809	57,007	10,802	19%	19%	16%
Trade and other receivables - net	21,594	25,869	(4,275)	(17%)	6%	7%
Inventories	42,202	43,096	(894)	(2%)	12%	12%
Current portion of biological assets - net	3,307	3,515	(208)	(6%)	1%	1%
Prepaid expenses and other current assets	6,122	6,216	(94)	(2%)	2%	2%
Assets held for sale	186	186	-	0%	0%	0%
Total Current Assets	141,220	135,889	5,331	4%	39%	38%
Noncurrent Assets						
Investments - net	17,221	17,128	93	1%	5%	5%
Property, plant and equipment - net	119,386	118,000	1,386	1%	33%	33%
Right-of-use assets - net	4,529	4,633	(104)	(2%)	1%	1%
Investment property - net	3,537	3,537	-	0%	1%	1%
Biological assets - net of current portion	2,512	2,667	(155)	(6%)	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,438	39,444	(6)	(0%)	11%	11%
Deferred tax assets	3,257	3,209	48	1%	1%	1%
Other noncurrent assets - net	30,425	30,272	153	1%	8%	9%
Total Noncurrent Assets	221,301	219,886	1,415	1%	61%	62%
Total Assets	362,521	355,775	6,746	2%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	17,043	14,684	2,359	16%	5%	4%
Trade payables and other current liabilities	63,164	65,288	(2,124)	(3%)	17%	18%
Lease liabilities - current portion	415	418	(3)	(1%)	0%	0%
Income and other taxes payable	11,202	9,668	1,534	16%	3%	3%
Dividends payable	631	79	552	699%	0%	0%
Current maturities of long-term debt - net of debt issue costs	20,836	12,871	7,965	62%	6%	4%
Total Current Liabilities	113,291	103,008	10,283	10%	31%	29%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	61,919	69,939	(8,020)	(11%)	17%	20%
Deferred tax liabilities	23	26	(3)	(12%)	0%	0%
Lease liabilities – net of current portion	4,709	4,758	(49)	(1%)	1%	1%
Other noncurrent liabilities	8,866	8,929	(63)	(1%)	2%	3%
Total Noncurrent Liabilities	75,517	83,652	(8,135)	(10%)	21%	24%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	101%	103%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(90%)	(92%)
Equity reserves	(2,021)	(2,094)	(73)	(3%)	(1%)	(1%)
Retained earnings:						
Appropriated	47,012	45,392	1,620	4%	13%	13%
Unappropriated	52,721	50,996	1,725	3%	15%	14%
Treasury stock	(30,182)	(30,182)	-	0%	(8%)	(8%)
Equity Attributable to Equity Holders of the Parent Company	112,608	109,190	3,418	3%	31%	31%
Non-controlling Interests	61,105	59,925	1,180	2%	17%	17%
Total Equity	173,713	169,115	4,598	3%	48%	48%
Total Liabilities and Equity	362,521	355,775	6,746	2%	100%	100%

Consolidated total assets as of March 31, 2024 amounted to P362,521 million, 2% or P6,746 million higher than December 31, 2023 level. The increase was primarily due to higher cash generated from operations. Consolidated total liabilities as of March 31, 2024 amounted to P188,808 million, 1% or P2,148 million higher than December 31, 2023 level. The slight increase was primarily due to net availment of short-term loans and higher taxes payable.

Cash and cash equivalents increased by 19% or by P10,802 million due to higher cash generated from operations that was offset by payment of dividends and funding of investing activities.

Trade and other receivables decreased by 17% or by P4,275 million due to collection of receivables from peak season sales and better collection efforts.

Biological assets decreased by 6% or by P363 million mainly attributable to lower feed costs of the Poultry business and decrease in volume of flocks loaded as compared to December 31, 2023 balances.

Loans payable increased by 16% or by P2,359 million due to net additional availments during the period.

Income and other taxes payable increased by 16% or by P1,534 million due to the higher taxable income of the Group and higher value-added tax (VAT) payable for the quarter.

Dividends payable increased by 699% or by P552 million mainly due to the declared dividends in March 2024 but payable within the year.

Consolidated total equity as of March 31, 2024 amounted to P173,713 million, 3% or P4,598 million higher than December 31, 2023 level. The increase was primarily due to the net income amounting to P9,974 million less the dividends declared by the Group amounting P5,505 million during the period.

Financial Position as of March 31, 2023 vs December 31, 2022

(in millions)	March 2023	December 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
			Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	52,874	41,099	11,775	29%	15%	12%
Trade and other receivables - net	18,180	22,110	(3,930)	(18%)	5%	7%
Inventories	57,345	60,746	(3,401)	(6%)	17%	18%
Current portion of biological assets - net	3,674	3,418	256	7%	1%	1%
Prepaid expenses and other current assets	6,282	5,412	870	16%	2%	2%
Assets held for sale	112	172	(60)	(35%)	0%	0%
Total Current Assets	138,467	132,957	5,510	4%	40%	39%
Noncurrent Assets						
Investments - net	17,007	17,143	(136)	(1%)	5%	5%
Property, plant and equipment - net	107,929	106,611	1,318	1%	31%	31%
Right-of-use assets - net	4,996	5,171	(175)	(3%)	1%	2%
Investment property - net	3,537	3,638	(101)	(3%)	1%	1%
Biological assets - net of current portion	2,821	2,671	150	6%	1%	1%
Goodwill - net	996	996	-	0%	0%	0%
Other intangible assets - net	39,293	39,365	(72)	(0%)	11%	12%
Deferred tax assets	2,554	2,510	44	2%	1%	1%
Other noncurrent assets - net	29,112	28,416	696	2%	8%	8%
Total Noncurrent Assets	208,245	206,521	1,724	1%	60%	61%
Total Assets	346,712	339,478	7,234	2%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Loans payable	16,940	21,055	(4,115)	(20%)	5%	6%
Trade payables and other current liabilities	58,032	62,536	(4,504)	(7%)	17%	18%
Lease liabilities - current portion	411	432	(21)	(5%)	0%	0%
Income and other taxes payable	11,770	5,474	6,296	115%	3%	2%
Current maturities of long-term debt - net of debt issue costs	501	506	(5)	(1%)	0%	0%
Dividends payable	218	67	151	225%	0%	0%
Total Current Liabilities	87,872	90,070	(2,198)	(2%)	25%	27%
Noncurrent Liabilities						
Long-term debt – net of current maturities and debt issue costs	82,637	77,733	4,904	6%	24%	23%
Deferred tax liabilities	38	23	15	65%	0%	0%
Lease liabilities – net of current portion	4,958	5,041	(83)	(2%)	1%	1%
Other noncurrent liabilities	7,556	7,538	18	0%	2%	2%
Total Noncurrent Liabilities	95,189	90,335	4,854	5%	27%	27%
Equity						
Capital stock	6,251	6,251	-	0%	2%	2%
Additional paid-in capital	366,620	366,620	-	0%	106%	108%
Equity adjustments from common control transactions	(327,793)	(327,793)	-	0%	(95%)	(97%)
Equity reserves	(1,092)	(836)	256	31%	(0%)	(0%)
Retained earnings:						
Appropriated	37,781	31,366	6,415	20%	11%	9%
Unappropriated	54,734	57,860	(3,126)	(5%)	16%	17%
Treasury stock	(30,182)	(30,182)	-	0%	(9%)	(9%)
Equity Attributable to Equity Holders of the Parent Company	106,319	103,286	3,033	3%	31%	30%
Non-controlling Interests	57,332	55,787	1,545	3%	17%	16%
Total Equity	163,651	159,073	4,578	3%	47%	47%
Total Liabilities and Equity	346,712	339,478	7,234	2%	100%	100%

Consolidated total assets as of March 31, 2023 amounted to P346,712 million, 2% or P7,234 million higher than December 31, 2022 level. The increase was primarily due to higher cash generated from operations. Consolidated total liabilities as of March 31, 2023 amounted to P183,061 million, 1% or P2,656 million lower than December 31, 2022 level. The increase was primarily due to avilment of new long-term debt by the Beer and NAB Segment.

Cash and cash equivalents increased by 29% or by P11,775 million due to higher cash generated from operations and net proceeds from new loan, offset by dividends payment and funds for investing activities.

Trade and other receivables decreased by 18% or by P3,930 million due to collection of receivables from peak season sales and better collection efforts.

Inventories decreased by 6% or by P3,401 million due to lower balance of raw materials and supplies as compared to year-end 2022 level.

Biological assets increased by 7% or by P256 million mainly due to the higher growing expenses, which include feed costs and broiler and hog costs.

Prepaid expenses and other current assets increased by 16% or by P870 million mainly due to higher input tax balance as at the end of the period as a result of the Bureau of Internal Revenue's implementation of quarterly filing of VAT starting 2023 as compared to the usual monthly filing from prior year.

Assets held for sale decreased by 37% or by P60 million due to the divestment of La Pacita trademarks by the Parent Company.

Loans payable decreased by 20% or by P4,115 million due to payments made and lower availments during the period because of improved collection of receivables.

Income and other taxes payable increased by 115% or by P6,296 million due to the higher taxable income of the Group and higher VAT payable due to the implementation of quarterly remittances starting 2023 as compared to 2022's monthly filing.

Dividends payable increased by 225% or by P151 million mainly due to the dividends declared but not yet paid of the Spirits Segment.

Consolidated total equity as of March 31, 2023 amounted to P163,651 million, 3% or P4,578 million higher than December 31, 2022 level. The increase was primarily due to the net income amounting to P9,875 million less the dividends declared by the Group amounting P4,800 million during the period.

III. SOURCES AND USES OF CASH

A brief summary of cash flow movements for the periods ended March 31, 2024 and 2023 is shown below:

<i>(in millions)</i>	2024	2023
Net cash flows provided by operating activities	P17,019	P21,467
Net cash flows used in investing activities	(3,662)	(5,309)
Net cash flows used in financing activities	(2,794)	(4,014)

Net cash from operations basically consisted of income for the period and changes in non-cash current assets, certain current liabilities and others.

Net cash used in investing activities include the following:

<i>(in millions)</i>	2024	2023
Additions to property, plant and equipment and investment property	(P2,847)	(P2,608)
Increase in biological assets, intangible assets and other noncurrent assets	(1,733)	(3,331)
Proceeds from sale of investments and property, and equipment	2	6
Dividends received	35	34
Interest received	881	590

Net cash used in financing activities consist of the following:

<i>(in millions)</i>	2024	2023
Proceeds from short-term and long-term borrowings	P66,473	P79,791
Payments of short-term and long-term borrowings	(64,199)	(79,034)
Cash dividends paid	(4,953)	(4,649)
Payment of lease liabilities	(115)	(122)

The effect of exchange rate changes on cash and cash equivalents amounted to P239 million and (P369) million for the periods ended March 31, 2024 and 2023, respectively.

IV. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the periods indicated below.

KPI	As of March 31, 2024	As of December 31, 2023
Liquidity:		
Current Ratio	1.25	1.32
Quick Ratio	0.79	0.81
Solvency:		
Debt to Equity Ratio	1.09	1.10
Asset to Equity Ratio	2.09	2.10
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	21.16%	21.76%
Interest Rate Coverage Ratio	12.53	11.50
Return on Assets	10.64%	10.96%

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Operating Efficiency:		
Volume Growth	0.10%	4.00%
Revenue Growth	2.41%	12.20%
Operating Margin	13.75%	12.43%

The manner by which the Group calculates the above indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity Attributable to Equity Holders of the Parent Company	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}^{**}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Sales at Prior Period Prices}}{\text{Prior Period Net Sales}} \right)^{-1}$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right)^{-1}$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting

** Excluding preferred capital stock and related additional paid-in capital

V. OTHER MATTERS

a. Commitments

The outstanding purchase commitments of the Group amounted to P82,528 million and P71,832 million as at March 31, 2024 and December 31, 2023, respectively.

These consist mainly of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business and will be funded by available cash, short-term loans and long-term debt.

- b. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity. The Group does not anticipate any cash flow or liquidity problems within the next 12 months. The Group was not in default or breach in any material respect of any note, loan, lease or other indebtedness or financing arrangement requiring payments. There were no significant amounts of the Group's trade payables that have not been paid within the stated trade terms.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation, and there were no changes in contingent liabilities and contingent assets since the last annual reporting date. No material contingencies and any other events or transactions exist that are material to an understanding of the current interim period.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- e. There are no significant elements of income or loss that did not arise from continuing operations.
- f. Sales are affected by seasonality of customer purchase patterns. In the Philippines, food and alcoholic beverages, including those the Group produce, generally experience increased sales during the Christmas holiday season. In addition, alcoholic beverages experience increased sales in the summer months, and typically slow down in the third quarter during the rainy season. As a result, performance for any one quarter is not necessarily indicative of what is to be expected for any other quarter or for any year and the Group's financial condition and results of operations may fluctuate significantly from quarter to quarter.
- g. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period, except for the outstanding derivative transactions entered by the Group as at and for the period ended March 31, 2024.

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES
TRADE AND OTHER RECEIVABLES
March 31, 2024
(In Millions)

				Past Due					
		<u>Total</u>	<u>Current</u>	<u>1 - 30 Days</u>	<u>31 - 60 Days</u>	<u>61 - 90 Days</u>	<u>Over 90 Days</u>		
Trade	P	19,054	P 14,961	P 2,926	P 428	P 152	P 587		
Non-trade		1,497	611	95	25	46	720		
Others		<u>2,195</u>	<u>350</u>	<u>41</u>	<u>85</u>	<u>37</u>	<u>1,682</u>		
Total		22,746	P <u>15,922</u>	P <u>3,062</u>	P <u>538</u>	P <u>235</u>	P <u>2,989</u>		
Less allowance for impairment losses		<u>1,152</u>							
Net	P	<u>21,594</u>							

SAN MIGUEL FOOD AND BEVERAGE, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the periods indicated below.

KPI	As of March 31, 2024	As of December 31, 2023
Liquidity:		
Current Ratio	1.25	1.32
Quick Ratio	0.79	0.81
Solvency:		
Debt to Equity Ratio	1.09	1.10
Asset to Equity Ratio	2.09	2.10
Profitability:		
Return on Average Equity Attributable to Equity Holders of the Parent Company	21.16%	21.76%
Interest Rate Coverage Ratio	12.53	11.50
Return on Assets	10.64%	10.96%

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Operating Efficiency:		
Volume Growth	0.10%	4.00%
Revenue Growth	2.41%	12.20%
Operating Margin	13.75%	12.43%

The manner by which the Group calculates the above indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Current Portion of Biological Assets} - \text{Prepayments}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity Attributable to Equity Holders of the Parent Company	$\frac{\text{Net Income Attributable to Equity Holders of the Parent Company}^*}{\text{Average Equity Attributable to Equity Holders of the Parent Company}^{**}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests and Taxes}}{\text{Interest Expense and Other Financing Charges}}$
Return on Assets	$\frac{\text{Net Income}^*}{\text{Average Total Assets}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Sales at Prior Period Prices}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

* Annualized for quarterly reporting

** Excluding preferred capital stock and related additional paid-in capital